

UNIVERSITY

AUG 24 1926

LIBRARY

V. 14

THE CREDIT WORLD

The Official Organ of the
**RETAIL CREDIT MEN'S
NATIONAL ASSOCIATION**
Incorporated



FROM an organization of thirty-eight pioneers in August, 1912, The Retail Credit Men's National Association has grown to a membership of 14,000!

And, because it renders a real service to the retailer, it is now one of the Nation's most important commercial associations.

*The Only Magazine in the World
Specializing in Retail Credits*

VOLUME XIV
NUMBER XII



AUGUST
1926

*Read the Report of Your Association's Activities
and Progress—in This Issue*



Issues

FO
s
gethe
the I
Little
oak v
which
Th
sturd
unkn
sprea
Cana
netwo
ing I
Retail
recogn
retail
It
were
—yea
sprea
chart
Activ

Keeping Your Promise!

KEEPING one's credit good means business good—for all credit is based on promises good—in good faith. Pay made and accepted in good faith—according to your promises—that's the basis for a good credit record.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

You Are Judged by Your Credit

YOUR credit record as shown on the books of your creditors, has a far-reaching effect on your life and affairs—it is the measuring line by which many people (and all prospective creditors) judge you.

Keep that record clear and it will help you in countless ways—in social and business life—in times of necessity and emergency.

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Keep Your Credit Record Clear!

EVERY time you open a new account—every time you secure credit from any source, you have another opportunity to strengthen your reputation for prompt payment—to make your credit foundation secure.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Credit-Education Inserts

To the Tune of Two Million

During the past two years our members have used over two million of these Credit-Education Inserts, paving the way to a better understanding of credit. You, too, Mr. Credit Grantor, will find them most effective in changing your "slow-pays" into prompt paying customers.

Twelve in the series—one for every month in the year. Enclose one with every "past due" statement—with every collection letter. Attractively printed in two colors. Diplomatically worded—even your most "touchy" customer can't take offense.

Order any combination you like
\$2.00 per thousand for single inserts
\$24.00 per thousand sets of twelve

Order from the National Office

Protecting Your Credit

NO ONE can protect your credit but you—no one else can destroy it, for, always, your credit is what you make it. Your credit is one of your greatest assets—it deserves your highest protection.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Let Your Creditor Know!

WHEN you can't pay a bill on time, an explanation of your inability will go a long way towards protecting your credit. Your creditor wants to help you keep your credit good—help him to help you!

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

The Cash Value of Credit

"A GOOD NAME," said Solomon, "is rather to be chosen than great riches,"—and a good credit record is preferable to a bank account.

Whose credit is good is never "broke"—he can get what he needs, independent of money.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Good Credit Is An Asset!

A WELL-KEPT charge account is a convenience that grows with use. It does away with the inconvenience of carrying about large sums of money when shopping. It gives you from ten to thirty days to pay for your purchases—and it assures you of service at all times.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Credit Inspires Confidence

A CLEAR credit record inspires confidence in your ability to do things—the confidence of others! Keep your credit record clear and you can face the world with the confidence of achievement.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Pay Promptly and Succeed!

PROMPT payment of bills is one of the cornerstones of success and a good credit record is the passport to financial independence. Make your credit record a "credit" to you—use it as a stepping-stone to bigger things.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Your Credit Record Follows You!

KEEP your credit record good and you'll always find credit when and where you need it. Move, travel in strange places and your credit record follows you—for good credit at home means good credit abroad.

Keep your credit record clear. Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

Faith—The Basis of Credit

FAITH in people—in their integrity—their honesty—is the basis upon which all credit is based. A high credit rating is based, not so much on one's possessions as how he respects the faith reposed in him.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS

How Credit is Established

GOOD intentions, valuable as they are, cannot build good credit. Only by religiously living up to every agreement, discharging every obligation when due, is credit established. And only in that way can it be maintained.

Keep your credit record clear! Protect your credit and it will protect you!

Retail Credit Men's National Association
EXECUTIVE OFFICES SAINT LOUIS



THE CREDIT WORLD

Official Organ of the



RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

Issued Monthly

DAVID J. WOODLOCK, *Editor*

Subscription: \$5.00 Per Year

Executive Offices, Equitable Building, St. Louis, Mo.

Entered as Second Class Matter, November 4, 1916, at Post Office at St. Louis, Mo., Under Act of March 3, 1879

EDITORIAL

Looking Backward — And Forward

FOURTEEN years ago this month a little group of earnest credit grantors, drawn together by the need of mutual protection, formed the Retail Credit Men's National Association. Little did these pioneers dream of the mighty oak which was to spring from the small acorn which they planted!

Then, there were thirty-eight members—sturdy "trail-blazers" in a profession practically unknown. Today, with a membership of 13,715, spread throughout every state in the Union, in Canada, Hawaii, and even in England—with a network of local associations and credit reporting bureaus covering the entire country—the Retail Credit Men's National Association is recognized as a potent force in the world of retail merchandising.

It was not always thus. Those first years were hard ones—years of slow, uphill work—years of striving, against great odds, to spread the gospel of better credits. Look at the chart of membership growth in the Report of Activities and Progress printed elsewhere in

this issue and you will see that two-thirds of that growth has come during the last six years!

We've grown fast and accomplished much in the last six years. Today, the title of the Association seems a little restricted, since we number in our membership not only credit men but credit women as well, and merchants, large and small, who see in the proper extension of credit a mighty force for the upbuilding of their businesses.

But, what of the future?

We must continue the upbuilding of our membership, the creation of new locals in cities as yet unorganized, the constant spreading of the gospel of good credits and prompt payments, the continual development of proper safeguards for retail business.

And, looking forward, it doesn't require a great stretch of the imagination to predict that within the next six years this will be, not just a national but a world-wide association—the International Association of Retail Credit Grantors.

David J. Woodlock

The 4-Point System Collects!

Read the Record of Results on Opposite Page

Here are the three letters and the forwarding blank comprising the 4-Point Collection System. Durable bound in a loose leaf binder—ready to use.

Note perforated stub at right, to be filled in, torn off, and retained in your files for your record.

Notice, at right how letters are arranged so you can fill in debtor's name and address, date, amount and your own name and address.

No. 1

Fill in this stub, tear it out, and use it to start your 4-Point System after this letter is mailed.

COLLECTION RECORD
(Letter No. 1)

Name Mr. John Doe
Address 5618 So. Main Ave.
Amount \$44.00
Letter No. 1 sent April 30, 1935

Service Division
Retail Credit Men's National Association
Send Communications and Mailings to all members of U.S.A.
Executive Offices
Saint Louis

Collection Department

April 30, 1935
Referring to account of:
Smith, Brown & Co.
1625 Blank Avenue
St. Louis, Mo.
Amount: \$44.00

You are indebted to the member of this Association whose name is shown above, for the amount indicated. This account is past due, in fact, overdue for some months.

You were extended a high compliment by our member when he indicated his faith in your integrity by accepting your account. For, credit is nothing but faith in the honesty of the buyer, based on the understanding that he will pay his bill when they're due.

Now, as is customary, this member has reported your account to this office, with the information that he has not been able to secure collection.

Before taking any action on this account, we want to give you an opportunity to keep your credit record clear by paying this bill within the next ten days. If it is not paid in that time we will have to proceed with collection, according to our member's instructions.

Won't you kindly arrange to take care of this account immediately and show that you appreciate the courtesy extended you?

Sincerely,
RETAIL CREDIT MEN'S NATIONAL ASSN.
J. J. Mordue
Executive Secretary.

P. S. Make all payments and address all communications to the member whose name is shown above.

Organized for the Protection of Retail Merchants

Collection Department

May 30, 1935
Referring to account of:
Smith, Brown & Co.
1625 Blank Avenue
St. Louis, Mo.
Amount: \$44.00

Mr. John Doe
5618 So. Main Avenue
St. Louis, Mo.

Your failure to respond favorably to our previous communications indicates that you are indifferent to your obligations to pay the above account.

You are hereby given our LAST and FINAL NOTICE that unless this account is paid or satisfactorily adjusted within ten days, with lawful interest, we will take action to secure judgment with lawful interest, together with all costs and disbursements of the action.

Yours truly,
RETAIL CREDIT MEN'S NATIONAL ASSN.
J. J. Mordue
Executive Secretary.

P. S. Make all payments and address all communications to the member whose name is shown above.

Organized for the Protection of Retail Merchants

No. 2

Fill in this stub, tear it out, and use it to start your 4-Point System after this letter is mailed.

COLLECTION RECORD
(Letter No. 2)

Name Mr. John Doe
Address 5618 So. Main Ave.
Amount \$44.00
Letter No. 2 sent May 30, 1935

Service Division
Retail Credit Men's National Association
Send Communications and Mailings to all members of U.S.A.
Executive Offices
Saint Louis

Collection Department

May 30, 1935
Referring to account of:
Smith, Brown & Co.
1625 Blank Avenue
St. Louis, Mo.
Amount: \$44.00

Your attention is again directed to the above account.

We have had merchandise, service, consideration and leniency from our member, and yet you have not responded to his request. Now to us is a National Association, organized for the protection of retail merchants. Its purpose is to give our members full protection against credit losses—protection backed by law and the power and prestige of our entire membership.

The same time it is our desire to protect you, too, against the credit loss which may result from your failure to pay this account. It is imperative that you take action immediately.

Before taking any action on this account, we want to give you an opportunity to keep your credit record clear by paying this bill within the next ten days. If it is not paid in that time we will have to proceed with collection, according to our member's instructions.

Won't you kindly arrange to take care of this account immediately and show that you appreciate the courtesy extended you?

Sincerely,
RETAIL CREDIT MEN'S NATIONAL ASSN.
J. J. Mordue
Executive Secretary.

P. S. Make all payments and address all communications to the member whose name is shown above.

Organized for the Protection of Retail Merchants

No. 3

Fill in this stub, tear it out, and use it to start your 4-Point System after this letter is mailed.

COLLECTION RECORD
(Letter No. 3)

Name Mr. John Doe
Address 5618 So. Main Ave.
Amount \$44.00
Letter No. 3 sent May 30, 1935

ACCOUNT FOR COLLECTION

Retail Credit Men's National Association,
St. Louis, Missouri.

The following claim is forwarded to you for collection. Three copies of itemized bills are attached.

Date May 30, 1935

NAME OF DEBTOR Mr. John Doe AMOUNT \$44.00

NAME OF BUSINESS OR FIRM Mary A.

RESIDENCE ADDRESS 5618 So. Main Avenue, St. Louis, Mo.

BUSINESS ADDRESS 1718 Blank Avenue

OCCUPATION Bookkeeper

EMPLOYED BY Richard Roe & Co.

REMARKS Found in wife's hand—has bank account at 1618 National Bank

Respectfully,
Firm Name Smith, Brown & Co.
By R. H. Brown, Treasurer
Street Address 1625 Blank Avenue
City St. Louis, Mo.
State Mo.

Two days after sending out letter No. 3, if payment has not been received, this blank should be filled out and sent in to our National Office, Equitable Bldg., St. Louis, Mo.

BE SURE TO ATTACH THREE COPIES OF YOUR ITEMIZED BILL TO THIS FORM.

RETAIL CREDIT MEN'S NATIONAL ASSN.

The Collection Forwarding Blank (above) can be sent direct to the National Office or your local bureau, whichever you prefer.

\$1347.52 Collected From 75 Accounts!

THE BROWN-DUNKIN D.G.C.
TOLSON, DALLAS
MAY 25th 1926

Mr. D. J. Woodlock, Secretary,
Retail Credit Men's National Ass'n.,
Equitable Bldg.,
St. Louis, Mo.

Dear Mr. Woodlock:

In reply to your request, we are giving you below a report on the results obtained from the 4-Point collection letters as our records show them to date:

#1 Letters mailed April 14th - - - - - 75
Accounts paid in full - - - - - 27
Accounts partially paid - - - - - 18
Promises to pay - - - - - 4
Adjustments made - - - - - 1
Letters returned (incorrect addresses) - - - - - 4
Letters ignored - - - - - 20
Customers planned for bootlegging - - - - - 1

#2 Letters mailed April 26th - - - - - 18
Accounts paid in full - - - - - 2
Amount collected to date - - - - - \$1,347.52.

The writer thinks that the above record shows that we wisely invested our \$10.00 and heartily recommend the 4-Point service to any member considering its use.

Sincerely yours,
THE BROWN-DUNKIN DRY GOODS CO.
Marion A. Lile
Department of Accounts

1347.52

A New Record For the 4-Point System

Here's a letter that, with its accompanying adding machine slip, tells the story of 4-Point effectiveness in terms of dollars and cents: Twenty-seven out of seventy-five accounts—NEARLY FIFTY PER CENT—paid in full; eighteen more made partial payments; four more made promises to pay; and the total amount collected (see letter) was \$1,347.52!

Successful Everywhere

This is not by any means an exceptional case. We have on file in the National Office letters from every part of the Country giving concrete evidence of the astounding collecting power of the 4-point System. Right in your own state—probably in your own city—we can point to a successful user.

That's Why We Can Say: Try It At Our Risk

Buy it. Use it—according to instructions—on 100 old accounts. If it doesn't collect at least \$10.00 for you, we'll refund the purchase price!

Price \$10.00 Postpaid

Order It Now—You Can't Lose

P. S. During the six months we have been making this offer, not a single System has been returned.

Retail Credit Men's National Association

Equitable Bldg.

St. Louis

What It Contains

1. One hundred No. 1 Letters, informing the debtor that his account has been reported to the National Association as unpaid and suggesting that he pay you—WITHIN TEN DAYS. All the letters are arranged so you can fill in your own name and address and a postscript instructs the debtor to make all payments DIRECT TO YOU.
2. Seventy-five No. 2 Letters. This letter demands immediate action from your debtor.
3. Fifty No. 3 Letters. No. 3 is a definite final notice that unless your account is paid in ten days, our attorneys will take action to collect your account.
4. Fifty Collection Forwarding Blanks. On these blanks you are to send to us (OR TO YOUR LOCAL BUREAU IF YOU PREFER) detailed information on such accounts as the letters fail to collect. These we immediately forward to our bureau in your locality (if we have one) or to our nearest bonded attorney who will make collection on the usual collection fee basis.

Other Material

A complete instruction sheet is included with every system. Also, a valuable appendix, chock-full of important information, "Things the Credit Man Should Know." A complete digest of the laws of the various states, covering bankruptcy, garnishments, mortgages, judgments, exemptions, etc.

A convenient, easily accessible display of all forms commonly used in credit and collection procedure—including standard application blanks, lease or conditional sale contracts, chattel mortgages, bankruptcy "proof of debt" forms, etc.

Use this coupon

Retail Credit Men's National Ass'n
Equitable Building, St. Louis, Mo.

Enter my order for one complete R. C. M. N. A. 4-Point Collection System. Send bill for \$10.00 to the address below.

I agree to use the system according to instruction—on 100 accounts. If it fails to collect at least \$10.00 you are to refund purchase price.

Name _____

Title _____

Firm Name _____

Street Address _____

City _____ State _____

The Secretary's Page

Auerbach Goes to Franklin Simon & Co.

Joseph B. Auerbach who for the past fifteen years has been Credit Manager for Bloomingdale Brothers, Inc., Department Store, New York City, is resigning to join Franklin Simon & Company of Fifth Avenue in a similar capacity on August 15, 1926.

Franklin Simon & Company has the reputation of doing perhaps the largest percentage of charge business of any retail organization in the country. In a comparatively short span of years they have not only built volume but a reputation for quality and a high class business.

Mr. Auerbach has long been prominent amongst the credit men of the country. He was for four years chairman of the educational committee of the Associated Retail Credit Men of New York City, Inc. He is the principal contributing editor of the book "The Retail Charge Account," published under the auspices of the Associated Retail Credit Men. This was the first work of its kind and is today being used in universities throughout the country.

He is a member of the "executive committee" on credit methods and credit co-operation of the National Association of Credit Men, which is recognized as the most important committee of that association.

Mr. Auerbach's career began with Bloomingdale Brothers as a delivery messenger from which he quickly graduated into sheet writer and then his special aptitude being recognized, he was transferred to the credit department where at the early age of twenty-two he graduated into the credit managership with complete charge of the credit department as well as the accounts receivable bookkeeping department and adjustments.

He achieved an enviable record as a credit manager, collections running as high as 75% monthly against the average of 40% to 50%—this record being maintained in the face of constantly increasing sales volume, stamping him more than a credit man—a business builder. His losses from bad debts have averaged 1/15 of 1% for the past ten years and have been as low as 1/50 of 1%—as against the general average of 1/4 to 1/2 of 1%.

Important Notice

A man claiming to be John W. Wilson of Los Angeles, California, and giving address as 220 North Kingsley Drive, (which is a vacant lot), visited St. Louis, Kansas City and other points in the Middle West leaving a trail of worthless checks amounting to several thousand dollars. Some were drawn on the Pacific Southwest Trust & Savings Bank of Los Angeles, but this bank seems unable to locate the account. Said to be travelling in a Lincoln car purchased in St. Louis, also to be using name J. W. Williams which is supposed to be his right name.

Described as 5 feet, 11 inches in height, weight 175 pounds, age 43. Medium complexion, wears thick-lensed glasses and has one artificial foot which is not noticeable except when climbing stairs. Wears black belt with green buckle inscribed J. W. W., and a peculiar platinum ring of original design, large dark stone surrounded by several diamonds. In Kansas City he purchased a Gruen nineteen-jewel watch with white gold rim, open face.

Said to have recently been in Boston where he wore colored sun glasses in place of the thick lenses.

Watch for him! His artificial limb and other peculiarities should make him easy to recognize. Wire National Office at once if he appears.

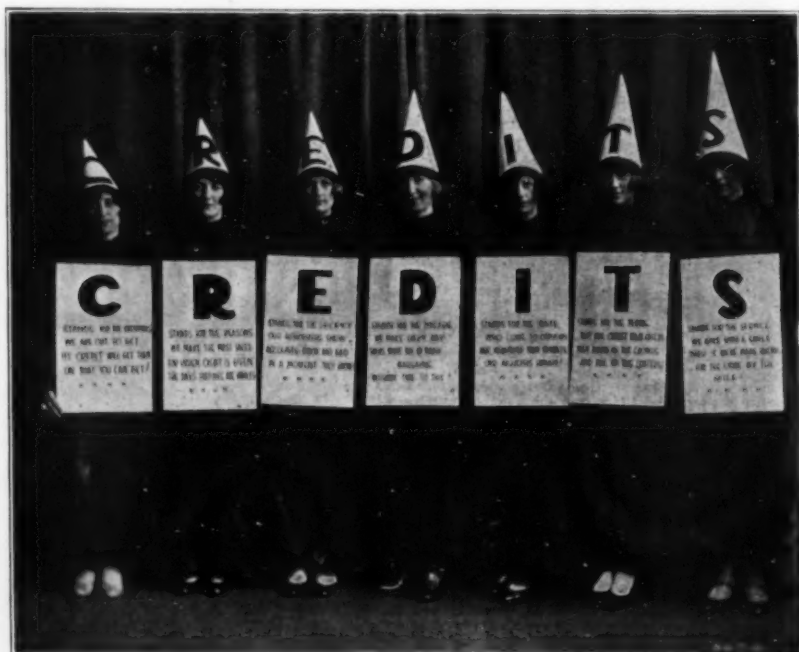
Selling the Credit Department

The Golden Rule Store in St. Paul recently put on a store-wide sale in which all departments were asked to co-operate. The night before the sale started was designated as "Carnival Night" and all departments were asked to display their merchandise so as to have the employees familiar with bargains.

The fact that the Credit Department apparently had nothing to sell worried H. G. Clemens, Credit Manager of the Golden Rule, so he did some fast thinking and decided he would sell the Credit Department to the management and employees.

Each employee of the Credit Department wore a white clown hat on which appeared the word "Credits" and seven of the girls of his department were selected to pose as shown in the photograph, each carrying a card bringing home the importance of the department.

It made a great hit, some of the oldest employees and executives stating that they never before realized the importance of the Credit Department. Of course the attractiveness of the young ladies had something to do with this verdict, but Mr. Clemens' idea is well worth repetition in other stores. If you desire more details, write Mr. H. G. Clemens, Credit Manager, Golden Rule Store, St. Paul, Minn.



How Mr. Clemens sells his Credit Department



THE CREDIT WORLD

August, 1926



Nation-Wide Cooperation Necessary to Prevent Credit Abuses

By E. B. Heller

First Vice President, Retail Credit Men's National Association

An Address Before The American Retailers Association, St. Louis, Aug. 4, 1926

Organization is the fundamental basis upon which is erected the structure of success. Organization creates ambition and higher ideals and inspires us to strive for bigger and greater objectives.

It is undeniable that through organization and co-operation we obtain those things which would be impossible to secure through individual efforts.

In the question of credits, the merchant needs not only the co-operation of every merchant of his own city, but he needs the co-operation of the merchants of the entire country. This may sound like I am covering a wide territory, but did you ever stop to think that the undesirable customer, who resides in an adjoining state or neighboring city this month, may be a resident of your city next month? Did it ever occur to you that the hot check passers and bogus buyers who are operating in a neighboring city this week, may be working your city next week? These things happen every day and what protection have you against this element of risk if not through organization and co-operation?

As further evidence of the fact that your problems are not all local and that you need the protection of a big strong national organization let me cite this statement of R. L. Polk & Co., publishers of city directories:

"Thirty per cent of the population of every city moves at least once a year."

Now answer this question: What part of the 30% of the population of the cities of the country leave their home town leaving unpaid bills behind and enter your gates? What part of the 30% of your city leave the town leaving unpaid bills behind? What protection have you against those who enter your gates and what chance have you of locating and collecting from those that leave — IF NOT

THROUGH A COUNTRY WIDE ORGANIZATION—A NATIONAL ASSOCIATION?

Do you know that the National Office of the Retail Credit Men's National Association is locating from four hundred to five hundred "skips" a month for its members? Do you know that the National Office has a force of five young ladies giving their entire time to this work? I cannot call to mind one thing that has a more wholesome effect upon a "skip" or deadbeat than to locate him and make him pay. It at least prevents him from boasting that he "put it over on you."

Now what makes organization a success? Not simply coming together and talking, for you can meet and talk until Doomsday without success. There must exist a spirit of co-operation on the part of the organizers to put their thoughts and ideas into concrete form and action. So while organization is the foundation, co-operation is the keystone which holds together the temple of organization.

We use the word organize quite often, but do we ever stop to analyze its definition and see how it applies to credit granting? "Organizing," Webster says, "is arranging a task in separate parts so that they can be performed efficiently." Could anything apply more fittingly to our work? Extending credit efficiently, collecting your outstanding accounts efficiently.

When a merchant opens a new account and has not the experience of his fellow merchant as a guide, he can only exercise his own judgment, which is nothing more or less than a guess and sometimes a bad one. If the debtor possesses character, he will pay; if he doesn't possess character, he will not voluntarily pay you and will impose upon your fellow merchant unless prevented.

I ask you ladies and gentlemen, is it fair, is it good business to let this

class live well, wear good clothes, enjoy good household goods at your expense?

When the retail merchants will organize and honestly co-operate this element will learn that they must pay promptly or they must pay cash.

As long as an undesirable can walk into your store and tell you, if you won't "charge it" your neighbor will, just that long will you have them preying upon your ledgers. But when you mark his account, "too slow," "don't sell," and you know your neighbor won't take him on, then my friends you will appreciate the value of organization and co-operation.

I have heard merchants offer many excuses for not organizing. One will say, "I am a good judge of human nature." The next one will say, "I always ask for references," and the third one will say, "My town is too small for a Credit Association and Rating Bureau."

Let me tell you these human nature readers are the poorest credit grantors known. Let them look over their ledgers and tell me if those bad accounts didn't look good when they took them on. And as for the merchant who asks for references, I want to ask him, if he ever knew an applicant for credit to give as references a firm he did not pay? No, they tell you of the fellow they did pay—YOUR RATING BUREAU WILL TELL YOU OF THOSE HE DID NOT PAY.

To the merchant who thinks his town is too small, I say: "Compare the credit conditions in an organized town with that of an unorganized city and see what you will find. In the unorganized city, you will find the same old undesirable on the books of nearly every merchant in town."

Gentlemen, regardless of a merchant's size, regardless of the volume of business he does and regardless of his

(Continued on Page 8, Col. 2)

The Legal Aspect of Mississippi's Credit

By Harold C. Malchow

Member of the Mississippi Bar, Biloxi, Mississippi

The economic condition of Mississippi, as one of the most provincial states in the Union, is secondary to the legal situation that involves every credit man in his careful analysis of the privileges and obstacles with which one is beset. A state almost entirely dependent upon one agricultural product, cotton, there has always been a certain atmosphere of animosity towards Capital, either in the combined form of corporations, or in the more divisible form of investments, stocks and collections.

This natural tendency among the many ruralists has brought about unusual statutes, affecting the credit men either in a direct or indirect manner, and has discouraged an honest development of outside credit, to the detriment of economic improvements. The greater group of legislators are members of the rural section, and each session of the Legislature produces a more prolific statute to digest and absorb a previous law, dealing with the matter in its own peculiar manner.

The statutory exemptions permit every head of a family 160 acres or \$3,000, (whichever is the larger) the necessary tools of every workman or professional man, and the household furniture of every home up to \$250. A married man has \$50.00 a month exemption from garnishment. These amounts are not as high as many, or perhaps most states, but relatively speaking, they are high to the credit man, as the per capita wealth and earning power of the average Mississippian is very low, and hence he is inaccessible to legal execution.

A very large amount of property, both business and residential, is recorded in the names of wives or children, and the Bankrupt Law has proved an exceptionally welcome friend to many debtors, frequently and at regular intervals. The rates of fire insurance are exorbitant, both because of inadequate and antiquated fire protection, and the comparative amount of actual fire losses. That these factors are to be contended with in the granting of credit cannot be overlooked.

Returning to the subject of the legal aspect of Mississippi Credit, the first chapter of the Mississippi Code reveals a section on "Actionable Words," which says: "All words which from their usual construction and common acceptance, are considered as insults, and calculated

to lead to a breach of the peace, shall be actionable; and a plea, exception, or demurrer shall not be sustained to preclude a jury from passing thereon, who are the sole judges of the damages sustained; but this shall not deprive the courts of the power to grant new trials, as in other cases."

An example of the possibilities of this law can be taken from a case in Gulfport, wherein a collection agency, using



HAROLD C. MALCHOW

a commonly used form letter, was sued for \$3,000 and a jury returned a verdict of \$100, though such a case was previously unknown in legal annals. I was unable, as counsel for the defense, to demur, or plea in abatement, and the jury, being hostile to capital, assessed an unusual amount.

Privilege taxes for collection agencies have recently been enacted requiring \$25 on all cities less than 10,000, \$50 on all cities between 10,000 and 20,000, \$75 on all cities between 20,000 and 30,000, and \$100 in cities larger. A privilege tax of \$300 has been assessed on any firm, corporation or individual who reports the credit of any person in business.

Justices of the Peace, in whose courts the greatest number of open accounts are sued, place the burden of proof upon outsiders and put the strictest demands upon outside creditors in the collection of their claims. Any merchandise purchased upon the installment plan, which is more than half paid for, is not subject to replevin, and all seizures of personality upon the conditional sale plan, must be through the pur-

chase-money lien process, which is a technical variation from a suit in replevin. Ten days time must elapse from judgment for execution in Justice Court and twenty days in the Circuit Court. It is amusing to notice that many Justices of the Peace charge different fees, while the statutes have set out a list of fees that may be charged. This is the reason why many Mississippi lawyers charge different court costs.

Effective collection methods meet with strong opposition, and the honor of so many people being involved, are often sufficient to start a damage suit under the law outlined above. Damages are invariably given, because the defense is practically powerless to keep it from a jury. The Manager of Mississippi's largest collection agency, Mr. Van Scoter, of Gulfport, has been involved in considerable litigation because of his insistent and vigorous desire to force collection, either by moral or legal means. The danger line of collecting an account or paper is never known, as it may be the first move, or the last. Effective collections are almost impossible because of the lack of statutory, moral and economic support.

Credit Association Secretary-Manager Desires Change

Credit Association Secretary-Manager, with ten years Chamber of Commerce experience, who is now employed, desires to make a change of connections. Services satisfactory and can furnish highest references as to character and ability. Good reasons for changing and available on short notice.

ADDRESS

M. W. W., Box 399
Morgantown, W. Va.

Let's Stop Rocking the Boat and Enjoy Our Prosperity

By Kenneth M. Goode

Reprinted by special permission from Advertising and Selling Fortnightly

On Feb. 11, 1897, at the gorgeous new Waldorf-Astoria, the Bradley-Martins filled the newspapers with the glory of their famous "Ball."

Many who have quite forgotten the French hairdressers, the champagne supper of 32 different delicacies, the 400 free carriages, and the Hungarian orchestra from the Eden Musée, still recall the bitter debate they provoked between two schools of political economists.

The first school, popular but unscientific, recklessly praised the ball because it "put money into circulation."

The second school, then sound and orthodox, led by Dr. Rainsford, rector of St. George's, replied: "Yes, but look *how* it puts money into circulation; look *where*! It encourages the cake froster, the hair curler, the gold fish tamer, who should be allowed to starve out an un-economic end. That same money invested in a shoe factory, would make us two pairs of shoes where we now get one!"

Twenty-nine years elapse, as the theatre programs say. On May 1, 1926, leading newspapers and magazines had been primed for a quasi-official, nationwide broadside against installment selling—the Wall Street echo of old St. George's pulpit. Some strong man with a sense of humor rushed to the rescue. A swarm of telegrams killed the "story." By hours only, we escaped slipping back a whole generation into the pink plush economics of the Bradley-Martin Ball.

The United States today, we must not forget, holds two-thirds of the world's gold. Intelligent buying releases huge funds formerly tied up moving merchandise. Money is plenty for every enterprise. And, already, about 25 per cent too much factory power hangs over our market. The one nightmare of every American manufacturer is making two pairs of shoes where only one will sell.

Plainly, in a single generation, the problem is entirely reversed. The duty of the dollar is different. Where money once had to be hoarded to make goods, it now has to be spent to move them.

When we needed capital to build a new nation, every good citizen was taught to conserve cash. Today, while

Europe pours in an extra \$200,000,000 every year, he serves our nation best who wisely and courageously employs his credit.

Those who do not benefit by installment business are—reasonably enough—suspicious. Old established bankers see a thousand finance companies, mostly small, suddenly usurping their functions. Credit men are not entirely keyed up to new conditions. Manufacturers and merchants, in some lines, suffer keenly from the new competition. Many honestly fear it; others merely parrot propaganda about "soft" living and the "day of reckoning."

In this anti-installment agitation, as in prohibition, one must regret a whiff of financial snobbery. Captains of industry with a wholly uninterrupted supply of alcohol, were conspicuously enthusiastic about the good effects of prohibition on the working man. Wealthy gentlemen, smiling indulgently at quaint little extravagances among the Bradley-Martins, are quick to denounce un-economic behavior in the poor.

For these paternally to deny any class of people, on one hand; or any class of goods, on the other, the peculiar privileges of this modern form of barter is sheer high-handed impertinence. With the credit risk properly insured by the seller, there is no reason why I shouldn't make monthly payments on a tray of cream puffs, or my office boy sign up six months for a silk hat. Every free born American has a right to name his own necessities.

Silk stockings are worn by every working girl. The value to society is self-evident. Who shall judge their value to the girl herself as against \$3 in the bank? Happiness isn't entirely a matter of pennies saved; nor prosperity of profitable percentages. The American workman—admittedly—doesn't know what's good for him. He is eternally after something better. Higher standards of living are built up, like coral reefs, out of millions of individual extravagances. And trade follows those standards far closer than it does the flag! The cheapest way to keep "cultural" wages is through generous credits carefully supervised.

Naturally there is danger of overdoing. That, alas, is true of every-

thing. Sleeping sickness is too much sleep. Sunstroke is too much warmth. Every year some over-thrifty wretch is found starved to death with thousands of dollars in his pockets. I knew a man to quit college because he ate too many chocolates.

Installment buying, however, is not growing anywhere nearly as fast as the clamor against it. Much of this clamor, incidentally, comes from blaming the new *method* of buying for a change in the buying tastes of the public of which it is an effect quite as much as a cause. Started fully fifty years ago, it has spread into every branch of trade. Nevertheless, during the past three years, its growth has been less than 10 per cent. Furthermore, like the Irishman, who was hurt not by the fall but by its sudden stop, the danger of the new habit seems to lie mostly in the possibility of its stopping.

Factory pay envelopes this April held \$10,000,000 more than last April. Sears, Roebuck and Montgomery Ward, together, have been averaging \$100,000 a day *more cash*. Fifteen chain store systems, for the first four months of 1926, report \$219,000,000 in sales \$200,000 a day *more cash* than last year. Installment selling has certainly left its cash competitors a few odd pennies.

On the other hand, savings bank deposits increased some \$8,000,000,000 and depositors have more than doubled since 1920. Outstanding life insurance, during the same period, has increased some \$31,000,000,000. More than a thousand new stockholders have been created every business day for the past ten years, with new bondholders not so very far behind. Why shouldn't there be a generous use of credit?

The United States Government keeps in cash, roundly \$400,000,000. It owes \$20,000,000,000. This is as if you or I had \$400 and owed \$20,000. Nevertheless, so long as Secretary Mellon watches our credit, nobody will worry that you and I, as a *nation*, owe \$50 for every \$1 we own. And, so long as you and I plan expenditures within ordinary resources, and keep spare cash to meet emergencies, it's nobody's business what we buy—or how.

About \$6,500,000,000 worth of goods were sold on installment in 1925. Automobiles took a bit more than one-half. Vacuum cleaners, furniture, jewelry, phonographs, pianos, radio, washing machines, together make up at least another quarter. Because the cash first payments immediately wipe out 26 per cent of the total, and because subsequent payments flow in so promptly, the installment debt of the nation, outstanding at any one time, averages only about \$2,744,000,000.

Divided into 27,000,000 homes, even this giant figure loses terror. We find each family in the United States burdened with a mortgage on the future of only about \$100 a year—\$8.33 a month—27 cents a day. Our national yearly income of \$60,000,000,000 gives the average American family something like \$2,200 a year, \$185 a month—\$6.15 a day. In this light, twenty-seven cents a day doesn't seem too much for each family of the world's wealthiest nation to risk on automobiles, pianos, vacuum cleaners, radios, washing machines and other evidences of civilization.

Suppose, however, just for one awful instant, none of these families paid. Then, at worst, *all* of us would pay indirectly, exactly as easily as we now absorb similar losses. As Mr. William R. Basset put it in an admirable article. ("In Defense of Installment Selling," ADVERTISING & SELLING, Nov. 4, 1925):

If Bill Jones, truck driver, buys a doodad and never pays for it, there is no change in the wealth of the world. Bill is richer in the ownership of one doodad, which presumably makes him happy, while you and I and a few thousand others who pay our bills are penalized in a purely money way our pro rata share of Bill's defection. . . . The average bad debt loss throughout industry is less than a half of one per cent. That would bring the selling price of \$100 vacuum cleaner down to \$99.50—if we got the benefit of everybody suddenly taking it into their heads to pay what they owe.

Department stores today require ninety days to collect accounts. And, one out of every ten articles is returned for credit. In some Fifth Avenue establishments of notable standing it takes three sales to make two stick. Even so, Dr. Nystrom tells me that in the best department stores the bad debt loss runs as low as 25 cents for every \$100; with grocery stores nearly four times as high.

Against that, my friend, J. E. Williams of *Collier's*, an authority on the new rhythm of business, tells me that in selling automobiles—the one line of easy payment almost anybody would agree is overdone—the loss is only 22 cents for every \$100, four times better

(Continued on Page 14, Col. 1)

Nation-Wide Cooperation Necessary

(Continued from Page 5)

location in the town, if he extends credit, he needs the co-operation of the merchants of that town and all of them need a **CENTRALIZED AGENCY THROUGH WHICH THEY CAN OBTAIN INFORMATION ABOUT THE PAYING HABITS OF THE APPLICANT.**

This you must have while the applicant is still the applicant; after he becomes your debtor, it is too late.

Why are merchants in towns of 40,000 and less so reluctant about organizing? *Petty jealousy!* You all know that no one merchant in the city can do all the business. Every live merchant will get his share. Competition does not destroy trade. Then why not co-operate rather than lose principal as well as profit in destructive competition?

Progressive merchants today are seeking a new avenue through which to increase the volume of business. They realize that "sales" have lost their punch. The purchasing public has been "saled" to death. You open your season with a pre-inventory sale, then an after inventory sale, then follow in quick succession, pre-Easter, after-

Easter, white goods, mill end and factory sales, and then you are back to the pre-inventory sale. And the purchasing public has come to realize that all of the glittering bargains are not golden opportunities to buy.

So the merchants have turned to credit as a business stimulus, which has made credit the cheapest commodity on the market. I have no fault to find with credit, but I do say—**DO IT INTELLIGENTLY — DO IT THROUGH ORGANIZATION — DO IT THROUGH CO-OPERATION.**

Frank Genens Resigns

Frank Genens has tendered his resignation as secretary, director and controller of the Ed Schuster & Co. department stores of Milwaukee after 25 years' connection with the organization. Mr. Genens has found it necessary to give up his work at Schuster's because of poor health, and is planning to take an extended rest.

William Kaumheimer has been selected to fill the position of secretary, and Hugo Kuechenmeister, acting controller during Mr. Genens' recent leave of absence, has been appointed controller. The position of director has not yet been filled.

Florida Florida Florida

**Credit Men—Credit Bureaus,
Anywhere in the United States:**

If you have information on skips or undesirable credit risks who have left your home town for Florida, supply the necessary information to us and we will endeavor to locate them for you and if found will notify you through your nearest Credit Bureau, as to the party's location and his line of business in Florida.

The Associated Credit Bureaus of Florida
Secretary's Office
P.O. Box 193 Orlando, Florida

Report of Activities and Progress of the Retail Credit Men's National Association for 13 Months Ending June 30, 1926

By D. J. Woodlock, Secretary-Treasurer

TO THE OFFICERS, DIRECTORS AND MEMBERS OF THE RETAIL CREDIT MEN'S NATIONAL ASSOCIATION

I again have the pleasure of submitting a report of the progress and activities of your Association and again point out our continued growth in membership and constructive accomplishments. While we have not made the membership gain we had hoped for and while there are many items of service on our program as yet undone, we have made continued and steady progress until today we are one of the most important and useful commercial organizations in the country.

For several years we have counted as members all the very large retailers and our efforts at this time are directed toward the smaller merchant. It should be noted that the great development in retail credits has not received much encouragement from the small dealer. To him, the necessity of safeguarding his credit department by co-operation and an exchange of thought with fellow merchants is a new doctrine. It is therefore necessary to do a large amount of missionary and educational work among our prospects and as a result our growth has been slower.

During the year we enrolled 3826 new members, an increase of 651 over the previous year. We lost, through cancellation, suspension and business changes 2493 members, of this number, 2331 were members of Local Associations and their cancellations were due entirely to local conditions. Our total membership on June 30, 1926, was 13,715, a net gain of 1,333 over 1925.

We have been fortunate in having had a corps of officers and directors to manage the affairs of the Association who had the vision to see in every day's operation opportunities for making tomorrow's service better.

In considering our progress it is well to recall that only a few years ago there was no retail credit organization, no co-operation among credit granting retailers and only a few dependable reporting agencies, while today our 13,715 members are scattered in every state and over 700 reporting units are rendering good service.

Year after year, we have watched the wonderful development in the volume of credit extended and have seen credit losses reduced to a minimum. Surely our Association has played an important part in this work; not only has it safeguarded the finances of the retailer, it has enabled him to sell more merchandise, as well. While increases in membership and financial resources are necessary to enable us to render increased service, it is not advisable to devote our entire time to these features and this year has shown a more diversified program than ever before. The personal visits of the President, Vice-Presidents, Managing Director, Service Division Secretary and several Directors to various local associations and unorganized cities, the promotion of conferences and meetings of retailers and the sponsoring of educational "Pay Promptly Campaigns," have all helped to improve credit morale throughout the entire country.

Our sane stand on the installment selling question in which we stated:

"We see nothing wrong with installment selling if conducted upon sound credit standards, if we limit the period of payment to reasonable time, particularly on perishable merchandise, discourage overbuying, insist upon prompt collections and eliminate competition on terms."

has done much toward stabilizing the installment business which a few months ago looked like it was getting out of the bounds of safe business.

Our work in connection with Check Frauds and our tracing system has reduced losses from professional bad check workers over eighty per cent and could be made more effective if all members co-operated and reported promptly cases in which they were interested.

Our new departments for tracing missing debtors and forwarding collections are real services for every merchant.

Our Collection Helps are another step in our service program.

THE SERVICE DIVISION

This Department of our Association, made up as it is of trustworthy retail credit rating bureaus and agencies can be regarded as the very backbone of our organization. During the fiscal year, 238 new units were added, bringing the total membership to 709.

Under the able management of Mr. John R. Truesdale, there has been developed a spirit of co-operative helpfulness between these bureaus and agencies which has caused the formation of a number of state bureau associations and during the year thirty-one Conferences were held in various sections of the country, resulting in a better understanding of our problems and improved service to our members. The bulletin system from the National Office keeps each bureau manager in intimate touch with all other bureaus and, as a result, we develop a uniformity of thought which will eventually result in standardized methods.

Mr. Truesdale has submitted a detailed report which I ask you to carefully consider and I urge that you deny no effort or financial aid which will assist in the further development of our Service Division. While it has shown a wonderful development it has still greater possibilities. High grade, dependable, and prompt reporting service on individuals is of vital importance to every credit granting retailer in the country. We should ever seek to increase the efficiency of this department so it will be looked upon by the retailer in the same light that Bradstreet and Dun's Agencies are regarded by wholesalers and manufacturers.

Impressions of a Charge Customer

(As told to the editor of "O. K.," the bulletin of the Associated Retail Credit Men of New York City, Inc.)

In discussing with the Editor my experiences with Credit and Collection Managers of various local stores, I committed myself as to one incident that I have been asked to set down in writing for your monthly "OK".

I have enjoyed charge accounts with well-known retail houses for some years, buying liberally and paying them with a fair average of promptness. I was unexpectedly compelled to leave for South America abruptly, expecting at the time that I would be absent only two months, but was unavoidably detained five months, and for the most part in an isolated district, where banking arrangements were expensive and difficult.

The press of my urgent business resulted in my overlooking the fact, both when leaving and while away, that in the case of two of my numerous charge accounts with the various retail establishments, I owed moderate bills, neither more than sixty days old, at the time I left. As I am a bachelor, I incidentally cancelled my room with my hotel where I was well known, but in informing the management there that I expected to be absent only about two months.

To be exact, I owed at the shop of Dash & Blank \$245.00. Upon my return to New York after five months, when I checked in again at my old hotel (I would not live anywhere else) I was, within a few days courteously informed over phone that hearing I had recently returned, Dash & Blank would appreciate a check immediately to cover my indebtedness.

From the establishment of Splash & Rush where I owed the fabulous sum of ninety dollars I found I had received upon my return to New York, and in care of the hotel, a bundle of badly filled in and worded form notices of rapidly increasing severity of tone, making hot-headed and violent demands. The hotel management also informed me that on several occasions a "loud speaker" had called for me, demanding my whereabouts, etc., which information the management had been good enough to decline, for the wise hotel credit man valued my patronage too highly to fall for any "rough stuff."

To crown these strenuous efforts, the Splash & Rush outfit had also assigned as a bad debt their claim against me to a collection agency, who by hook or crook had traced my departure from New York, but who had been unable to accomplish more than leave notices with the hotel management, in the form

I recommend the employment of an expert agency man who can visit our smaller and least efficient bureaus and spend whatever time is necessary in assisting to improve their service and increase their subscribers.

I recommend a more complete and thorough tie-up between each unit and the National Office so we can be in position to demand service of certain standard.

As the ability of the National Association to render aid and increase the efficiency of the Service Division depends largely upon an ever-increasing sound merchant membership with organized Local Associations in each city where we have a Division unit, I urge each member of the Division to become the retail credit leader in his community and increase our membership by organizing his subscribers into a local association, 100% National.

I strongly urge steps be taken to include in the reporting service rendered by our Division units, special features, such as insurance reports, finance company reports, employment reports and automobile reports and any other reports which concern individuals.

I also urge that each unit establish a collection department of its own or arrange with some reliable collector in its community to act as its official collector.

TRACING DEPARTMENT

Our tracing department for locating missing debtors was installed a little over a year ago and has developed into a very important service. To date, 9450 names have been listed, 4786 of these being reported during the past seven months. We have succeeded in locating 2458 of these debtors, 1563 during the past seven months. The average amount owing by these debtors was \$32.50, making a total of \$50,797.50. We estimate 70% of this amount was collected, making savings to members of \$35,558.25.

I feel this service is filling a long felt want for every retail merchant doing a credit business. I feel it is also bringing home to debtors who seek to avoid paying their accounts by failing to give their new addresses, the power of our Association and its ability to follow them. I urge our membership to give this department 100% support, not only by filing the names, but by assisting in locating missing debtors as well.

COLLECTION FORWARDING DEPARTMENT

A new department installed during the year making it possible for members to secure reliable collection service. We have a list of every dependable collection agency and simply act as forwarding agent in order to insure claims getting into proper hands. No charge is made to members for this service and it conflicts in no way with established collection departments of our local associations as all such are on our approved list.

Although in operation only a few months over 1,900 claims were handled with collections made on 400, amounting to \$8,901.53.

This service should be used by every member and will do much to eliminate unreliable collection agencies regarding whom we have received over 200 complaints during the year.

COLLECTION AIDS

This year we rendered valuable service to members by supplying helps in the form of statement inserts, stickers, and an improved book of collection letters, known as our "4-Point System."

Only a small percentage of our members have taken advantage of this service, yet we have supplied over 2,000,000 collection inserts and stickers and 1684 collection systems.

There is no way of checking actual returns on the inserts and stickers as they are purely educational, intended to develop credit morale, but actual results from the use of the 4-Point Collection System indicate it is the most efficient letter system published. These letters are intended to be used only after the member has exhausted his own efforts and the collection forms of his local association.

The support given this feature of our work encourages us to develop other collection aids which will assist members in their work.

OUR 1925 CONVENTION

An account of the past year's activities would be incomplete without reference to our last Convention, held in Minneapolis. We all owe a sincere vote of appreciation to the Associated Retail Credit Men of Minneapolis for the manner in which they handled every detail of that great meeting.

LEGAL & LEGISLATIVE ACTIVITIES

With the advice and counsel of Honorable Lawrence McDaniel, we have rendered legal opinions and advice to 119 inquiring members during the year. These covered a wide range, from liability in letter writing to incorporation of credit organizations.

Our Legislative Committee, Mr. Stephen H. Talkes of Washington, D. C., Chairman, rendered assistance in matters affecting Credits and Credit legislation in both state and national affairs, co-operating with the National Association of Credit Men, the National Grocers Association and other organizations in pushing amendments to the National Bankruptcy Law.

Progress was made in promoting united action by our members in proposing changes in garnishment, attachment, exemption and lien laws in various states. The various local associations in Iowa, under the leadership of W. C. Slotky of Sioux City, have mapped out a definite program looking toward changing these laws at the next session of their Legislature and I have pledged the moral and financial support of the National Association in their efforts.

of threats of dire methods of collection that were to be visited upon me; how my credit reputation had been damaged irreparably, etc.

Now consider the contrast between the methods of these two shops. One, I could see, had taken the discerning step of calling on my bank and inquiring there from time to time as to my return, and it so happened that my bank was my only connection accurately informed by me as to my movements while away, as to when I would return, etc. That concern practiced "watchful waiting"—showed discretion.

Splash & Rush followed their conventional, but violent routine methods, starting with their ineffective form letters and passing the account on to the "Hammer & Screw" collection agency without showing the slightest intelligence or discretion, and without making use of the bank reference which they had for me all the while.

Needless to say, the ninety dollars due them was paid promptly upon my return, as was the bill due Dash & Blank. And despite the efforts of the former, I find that my credit reputation with the latter firm is unsullied, but naturally, my account with the former is discontinued.

Indeed, I shall never forget them, and forever enshrined in my collection of curios I have on exhibition for the edification of all my friends and my own amusement the epistles according to Splash & Rush, climaxed by the unfulfilled prophecies of "Hammer and Screw."

Embezzlement and Credit Fraud

Perhaps the field of thievery which attracts widest attention in the business world is that conducted in connection with banking relations. The publicity which the work of these thieves commonly receives is not in the least surprising considering that the National Surety Company alone paid losses in one year totaling \$7,917,051.

While the activities of the safe-blower and two-fisted holdup man have long been popular themes in detective stories and do enter into the consideration of protective systems, the bad-check crook and the embezzler are responsible for far greater actual losses and are therefore responsible for greater concern.

The business man should not allow himself to be inveigled into cashing a check regardless of the fact that it may be drawn on expensive paper and protected by various mechanical devices, without at least first looking up the firm issuing it in Dun and Bradstreet. Hundreds of checks drawn on firms that exist in name only are cashed each year.—*Personal Efficiency.*

The question of liability in supplying derogatory information to our members either through reports or bulletin service is a very important subject and I recommend the drafting of a law protecting our membership—a law which should be made uniform in all states.

With the increase in our membership and our importance in the commercial world, our legislative activities become of great importance and cover a wide field. Each local association should have a Legislative Committee reporting to the National Chairman and the Finance Committee should provide an appropriation for legal and legislative work.

FIELD WORK

It was indeed a compliment to our Association and an indication of the high regard in which it is held, to have the officers of the Spokane and Eastern Trust Company of Spokane, Washington, with which our President is associated, arrange for him to spend several months in traveling during the year. Mr. Watson traveled over 25,000 miles and visited eighty cities, his work resulting in the formation of several new local associations and increased activity among the general membership.

Your Secretary-Treasurer spent more time on the road this year than ever before, traveling 23,400 miles and addressing forty-seven meetings, four National and six Service Division Conferences.

Vice President E. B. Heller gave willingly of his time, at some sacrifice to his own business, to visit a number of cities and was very successful in securing new members, particularly in New England, a section in which we have made little progress.

Service Division Secretary J. R. Truesdale traveled 19,000 miles, attending Division and National Conferences.

Vice President Leop. L. Meyer of Houston, Mr. S. E. Blandford of Boston, Director J. R. Hewitt of Baltimore, Mr. J. D. Hayes of Harrisburg, Pa., Director Franklin Blackstone of Pittsburgh, Director H. C. Sparks of Cincinnati and others made special trips in the interests of our Association.

All of this activity served to keep our organization and its efforts to promote good credit before the retail merchants of many sections.

Under this heading we call your attention to the record of Director A. D. McMullen of Oklahoma City. During the year, *without any cost to the Association*, Mr. McMullen visited twenty-two cities in Oklahoma and Kansas, promoted and attended two State Conferences, and increased the number of Service Division members in his state to fifty-two, a gain of thirty for the year!

We owe a special vote of thanks to Mr. McMullen for his work and to the Oklahoma City Retailers' Association for their granting him the time away from his office.

THE CREDIT WORLD

Our official publication, The Credit World, this year showed a marked improvement in its pages, presenting more constructive and educational articles than ever before. We furnished five thousand extra copies to merchants and non-members, who requested them because of some particular article in which they were interested; in addition, we granted the requests of seventeen trade journals to reproduce articles and editorials. The Credit World has taken its place as the leading retail credit magazine and we recommend that every effort be made to increase the number of pages and attractiveness of the publication, believing it to be the best method of creating uniform credit policies.

RESEARCH AND STATISTICAL WORK

Very little progress was made along the lines of research and statistical work, largely because of our inability to secure dependable figures, operating costs, credit losses and collection percentages. The demand for, and value of, statistics of this kind make necessary a determined and systematic effort during the coming year to tabulate this information. It will require a careful study as well as the co-operation of the merchants themselves in order to make such records worth while.

THE NATIONAL OFFICE ORGANIZATION

Our increased activities have made necessary the enlargement of our National Office and an increase in the number of employees. The force at present numbers 10, four of whom are devoting all their time to our Service Division Activities.

CO-OPERATION WITH OTHER ASSOCIATIONS

We have endeavored to co-operate and assist all commercial and business organizations aiming at improvement of the Nation's business and particularly the wholesale credit men's association known as the National Association of Credit Men. A Committee headed by Mr. Wm. H. J. Taylor of Franklin Simon Company, New York, held a number of meetings with a Committee of that Association and as a result a concrete and definite plan for a very close affiliation was worked out. This includes joint meetings of both wholesale and retail associations in cities where both organizations exist. We feel this will result in a uniformity of action of great benefit to both bodies.

THE FINANCE COMMITTEE

Our Finance Committee, consisting of Mr. Sidney E. Blandford, of Boston, (chairman), Mr. J. R. Hewitt, Baltimore, and Mr. Walter Strickland of New York, arranged the budget for this year's activities and held several meetings during the year for a review of our progress and readjustment of the budget. This committee deserves our thanks for their efforts to safeguard our finances without curtailing our activities. A special report will be submitted by the Committee.

(Continued on Page 14)

Better Business in Fall Seen By James Simpson

Marshall Field President, on Eve of Sailing Abroad, Highly Optimistic Over General Economic Situation

General business conditions are almost sure to improve for the fall and prospects are excellent for a prosperous start of the new year, according to James Simpson, president of Marshall Field & Co., Chicago, who sailed for Europe Saturday on the S. S. Samaria.

Mr. Simpson was highly optimistic over the general economic situation. He said both the wholesale and retail departments of Marshall Field were ahead of last year's figures and that the factories of this organization are working on an 80 to 90 per cent basis.

Mr. Simpson repeated the assertion he made some time ago that America would have done well to have cancelled all foreign debts at the conclusion of the war. But while much international good will would have been created by such a gesture at that time, Mr. Simpson declared Saturday that it was "too late" for that now. He did think, however, that the policy America pursues with respect to the debts should be very liberal.

—Women's Wear.

Cleveland Enters the Collection Field July 15th

DEPARTMENT
owned and controlled by representative
retail establishments of
City.

Association will accept,
and solicits, all forwarded
claims for collection.

Address
The Cleveland Retail
Credit Men's Company
405 Chamber of Commerce
Building • Cleveland, Ohio

The National Charge Phone

in Quick Service—Control—Hon

“TAKE”

In the handling of charge transactions where the customer takes the parcel the National Charge Phone method is without equal for quick service. It eliminates all handling and rehandling of the sales-check in order to send it to some distant authorization center to be O.K'd and returned.

It gives better control because all authorization is done direct from the Credit Department under the personal observation and supervision of the credit manager.

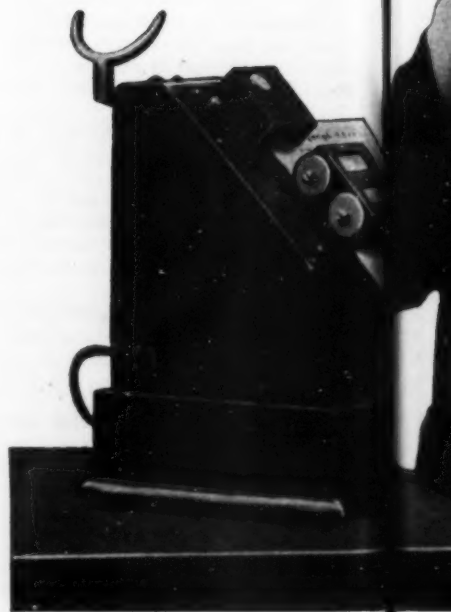
It makes referring easy because all the authorization is done from the credit office where additional sources of credit information are immediately accessible.

It is safer because the system is so fast that illogical exceptions do not have to be taken during rush periods to accommodate slow service.

It improves the appearance of the store because all wiring can be concealed in the wall, etc., and there are no lines or pipes to mar the appearance of the store.

It costs less because it is the most modern and efficient method of obtaining the credit authorization and eliminates costly and cumbersome mechanical equipment.

With the National Charge Phone system the salesperson has only to step to a conveniently located charge phone to be in direct communication with the credit office.



THE NATIONAL CASH

Charge Phone System Leads

—Bomy for authorizing charges

“SEND”

A simple and effective method of handling delivery charges recently originated in the Wanamaker Store of Philadelphia, (sometimes referred to as the “Draw Back” method) has gained favor in a number of larger stores, because it eliminates all authorizing and equipment in the delivery room.

The charge sales-slips are removed from the package at the sorting or routing desk and later turned over to the Credit Department. It is important that this check accompany the goods until it reaches the delivery room, so that proof of delivery and the proper check is obtained.

All packages are then permitted to go direct to the driver. Usually the credit office has in each load a few parcels which should be held. These names are listed on a stop sheet and attached to the driver's sheet. These parcels are then brought back to the store instead of being delivered to the customer.

This method requires no special equipment of any kind, but National Charge Phones are used in most stores for handling specials and all “Take” transactions.



SHEGISTER COMPANY DAYTON,
OHIO

Let's Stop Rocking the Boat

(Continued from Page 8)

than the average grocer and at least as good as the best department stores.

President Coolidge, for one, has gone emphatically on record that the present system of buying with a *plan* of payment is far superior to the old-fashioned book credit he used to see in his father's little store at Plymouth Notch. And the President's famous financial common sense is borne out by the Ayres report showing that the new "Ten-Payment-Plan" on ready-made clothes actually does liquidate debts more promptly than the time honored charge account. In fact, without further buying, the nation's entire installment debt would liquidate itself almost within a year.

Slack work and slow pay will make bad business—with or without installments. Yet, financial crises of the future may, perhaps, be mitigated or even prevented by the fact that two or three billion dollars worth of goods are safely in part-owners' hands, sprinkled into innumerable small risks, instead of gathering dust on the dealer's shelves and filling banks with frozen credits.

In good times or bad, the nation is probably healthier with a thousand coonskin coats wintering on woman's backs—a collector hot on their trail—than with the same coats carried as a cold storage asset against the bank deposits of those same thousand women. So far, in prosperity, the small regular payments have had a chance only to help smooth out seasonal peaks and valleys; in business depression, there is at least an even chance that they would avert rather than precipitate a crisis.

On the other hand, suppose the worst does happen? A slump is bound to come some day. When things are up and get tired of going sideway, there is nowhere to go but down. Let's admit, for the sake of argument, that piled-up installment payments may bring the great loss now so enthusiastically predicted. Against that, what of the suicidal selling costs and sure, certain slaughter of prices—*right now*—our manufacturers and merchants would face to carry on *for cash* anything remotely resembling our present volume of industry?

Mr. A. R. Erskine, President of Studebaker, estimates that not more than 35 per cent of the automobiles now made could be sold except on installment terms. He believes, therefore, to abandon this accepted method would, in the automobile industry alone, cost 1,500,000 men their jobs—and their buying power. Since our American high-production manufacturers are to-

Report of Activities and Progress

(Continued from Page 11)

PAY PROMPTLY CAMPAIGNS AND PUBLICITY

At the beginning of his administration, President Watson appointed Second Vice President Leop. L. Meyer, of Houston, Chairman of our Publicity Committee and he conducted a Pay Promptly Campaign which attracted nation-wide attention. The week of October 25-31 was set aside as Pay Promptly Week. Special talks were made by credit men from radio broadcasting stations. Four special advertisements (in series) were distributed to all local associations and run in over one hundred cities. Special inserts calling customers' attention to the necessity of making prompt payment were provided for enclosure with bills and statements. Reports indicate the moral effect of this campaign justified the work and we earnestly recommend that a National Pay Your Bills Promptly Week be included in our annual program.

STATE AND REGIONAL CONFERENCES

Our State and Regional Conferences this year were the best attended and most educational meetings we have ever held. Eight official Conferences were scheduled as follows:

Mid West	Omaha, Nebr., Nov. 9-10
Tri-State	Detroit, Feb. 8-9
New York State	Rochester, Feb. 12
Lake Superior District	Duluth, Feb. 12
Southern	Knoxville, Tenn., Mar. 15-16
New England	Springfield, Mass., May 11-12
North-West	Spokane, May 17-18
Texas	Dallas, May 17-19

All of these sectional meetings have become part of our yearly program, just as much as our National Convention, and we urge their encouragement. Our National Officers should take an active part in arranging for these meetings and put forth every effort to create interest in them.

STATE MEMBERSHIP

The following table shows the membership in the various states with gain or loss.

Missouri, with 1,439, leads all other states (although it shows a net loss of 18 members) a position this state has held for seven successive years.

Ohio is the only other state with over one thousand members, showing a gain of 192 and a membership of 1,137.

California, Iowa and Oregon show exceptional membership gains. Iowa is deserving of special mention with the largest gain of any other state (438). This is due to the making of the Des Moines and Sioux City Associations 100% National and the thanks of our membership is due to National Director C. H. Gimar, E. G. McIntire, Secretary of the Local in Des Moines, and Wm. Slotsky, Secretary of the Sioux City Local.

The Northwest States, Washington, Oregon and Idaho, also deserve special mention for membership gains, due to efforts of President Watson.

Last year the five leading states were Missouri, Texas, Ohio, Michigan and New York. This year Missouri retains the lead, while Ohio beats Texas for second place, reversing their former standing, with California and Iowa taking the place of Michigan and New York. The standing of the five leaders is:

Missouri	1,435
Ohio	1,137
Texas	895
California	831
Iowa	805

MEMBERSHIP BY STATES—SHOWING GAIN OR LOSS

	June 1, 1925			June 30, 1926		
	New	Canc.		Gain	Loss	
Alabama	137	67	29	175	38	0
Arizona	28	4	10	22	0	6
Arkansas	106	19	16	109	3	0
California	619	347	135	831	212	0
Canada & England	30	23	2	51	21	0
Colorado	284	48	20	312	28	0
Connecticut	140	92	18	214	74	0
Delaware	85	8	9	84	0	1
District of Columbia	314	98	28	384	70	0
Florida	156	94	107	143	0	13
Georgia	133	2	13	122	0	11
Hawaii	4	0	0	4	0	0
Idaho	19	9	1	27	8	0
Illinois	185	99	31	253	68	0
Indiana	225	33	71	187	0	38
Iowa	367	604	166	805	438	0
Kansas	89	55	14	130	41	0
Kentucky	106	40	16	130	24	0
Louisiana	220	230	134	316	74	0
Maine	7	15	1	21	14	0

day so completely the economic slaves of their own highly paid employees, the far reaching effects of such a move would be difficult to overestimate.

Henry Ford's youngest mechanic, for example, buys at \$25 a month, a suburban bungalow. As a national financial transaction, this is infinitesimally insignificant. But wait a moment! Five workmen, let us say, drive out to build that bungalow. Each carpenter, plasterer and plumber's helper uses the Ford he is buying at \$5 a month. Right back to Henry goes the \$25 he pays his mechanic to pay for the bungalow. So industry is intimately interwoven. One man's payroll is another's profits. And other men's profits are our prosperity.

Prosperity itself is nowise concerned that time payments run higher than if everybody bought for cash. Every dollar paid for financing—at every step of manufacture and distribution—is, and always has been, figured into the price to the buyer. Why suddenly become squeamish about an additional charge—especially when it alone enables the consumer to assume the long procession of similar charges that precede it?

At best, the financial cycle from raw material to consumer is slow enough. So long as the manufacturer continues to make goods, the banks must finance them; and, since banks, after all, are using the people's money, why not let the people use the goods?

How the Business Angels up in Mars must laugh to see us tackle the problem exactly backwards—like a man trying to blow the water back into a fire hose, instead of cutting it off at the plug.

Our real problem, of course, is not undercapitalized buyers, but overcapitalized factories. We should be studying not how to kill the geese that eat our golden eggs, but how to insure their appetites!

Stripped naked of rhetoric, the situation becomes fairly simple: In the past dozen years our factories have grown ten times as fast as our population. We have had, therefore, *either* to create new buying power or slow down. We chose to create new buying power. To create new buying power, we had *either* to cut our prices or change terms. We chose to change our terms.

So the question that confronts us is not so much of cash or installment buying as of installment buying or no buying at all; not so much what to do with time payments in the future as what we would be doing now without them!

Coming prosperity—like the slowly descending cross-section of a pyramid

	June 1, 1925	New	Canc.	June 30, 1926	Gain	Loss
Maryland	248	44	36	256	8	0
Massachusetts	340	62	52	350	10	0
Michigan	715	69	175	609	0	106
Minnesota	490	91	82	499	9	0
Mississippi	44	5	12	37	0	7
Missouri	1,457	277	295	1,439	0	18
Montana	49	76	23	102	53	0
Nebraska	327	18	50	295	0	32
Nevada	1	1	0	2	1	0
New Hampshire	3	0	0	3	0	0
New Jersey	124	24	23	125	1	0
New Mexico	4	6	1	9	5	0
New York	725	154	94	785	60	0
North Carolina	29	16	11	34	5	0
North Dakota	11	2	2	11	0	0
Ohio	945	337	145	1,137	192	0
Oklahoma	404	93	63	434	30	0
Oregon	64	115	14	165	101	0
Pennsylvania	556	121	100	577	21	0
Porto Rico	1	0	0	1	0	0
Rhode Island	66	0	4	62	0	4
South Carolina	2	1	0	3	1	0
South Dakota	28	2	6	24	0	4
Tennessee	843	111	156	798	0	45
Texas	943	121	169	895	0	48
Utah	38	14	8	44	6	0
Vermont	1	0	0	1	0	0
Virginia	85	24	21	88	3	0
Washington	301	127	65	363	62	0
West Virginia	43	20	9	54	11	0
Wisconsin	234	6	53	187	0	47
Wyoming	7	2	3	6	0	1
Total	12,382	3,826	2,493	13,715		
Recapitulation:						
Membership June 1, 1925						12,382
New memberships received during year		3,826				
Cancellations received during year			2,493			
Net gain in membership						1,333
Membership, June 30, 1926						13,715

NEW LOCAL ASSOCIATIONS:

Twenty-five new local associations were added this year, seven in the state of California. Following is a list of these locals:

Bessemer, Ala.	Joliet, Ill.
Mobile, Ala.	Opelousas, La.
Fort Smith, Ark.	Portland, Maine
Bakersfield, Calif.	Missoula, Mont.
El Centro, Calif.	Charlotte, N. C.
Eureka, Calif.	Greensboro, N. C.
Ferndale, Calif.	Ada, Okla.
Oakland, Calif.	Clinton, Okla.
Pasadena, Calif.	Cushing, Okla.
Redondo Beach, Calif.	Scranton, Pa.
New Britain, Conn.	Longview, Wash.
Sarasota, Fla.	Wenatchee, Wash.
Coeur d'Alene, Idaho	

LOCAL ASSOCIATIONS:

Following is a list of membership by cities showing gain or loss. You will note that of our net gain in membership (1,333) only 81 came from unorganized cities.

The following five cities lead in membership gains:

Sioux City, Iowa	296
Des Moines, Iowa	177
Cleveland, Ohio	134
New Orleans, La.	112
Portland, Oregon	103

These gains were the result of Nationalizing the entire Local membership and, in Sioux City, Des Moines and Cleveland, including membership in Bureau Service.

The five cities showing the largest decrease in membership are:

Lansing, Mich.	101
Eustis, Fla.	35
New York	31
Omaha	30
Indianapolis	29

In Lansing, the Association voted to make National membership optional and as a result we lost one-third of the entire membership, all being small dealers. In Eustis, Florida, the Association disbanded. New York and Omaha losses are due to local conditions. Indianapolis has never been properly organized and we are now arranging an intensive campaign in that city.

—rests on a vastly increasing base of mass buying. The first corner of the triangular base is lower prices; the second, time payments; the third, hand-to-mouth buying. As we work ourselves safely down toward an ever broader and more substantial foundation, the less becomes our risk and the greater our opportunity.

And the sooner our credit organizations and business associations give over cooling their reluctant feet in this new Rubicon, the sooner we shall be relieved of many coy—and costly—forebodings about the future.

The action of the American Bankers' Association in refusing to sponsor a report against deferred payments is a hopeful sign. To try to stop them now because we fear what will happen when we do stop is like a man who can't swim jumping off the dock to see what would happen if he fell in. That would surely be silly. On the other hand, it is just as silly—and just as fatal—for those who know the man can't swim to stand idly by and watch others *push* him off the dock.

Could there be anything more fantastic than a whole nation of business men, spending millions on advertising and high pressure selling, gravely debating in the public prints whether the consumer is *buying* too much?

Installment buying may do harm. Agitation against it certainly will. Abuses certainly will. End the abuses and you end agitation. Free from both agitation and abuses, installment buying will take its place alongside hand-to-mouth buying as a recognized factor in our new prosperity.

Out of present profits, future payments *must be insured*. And this insurance should be protected by a great national clearing house for installment credits.

Mushroom financing companies have no place in that picture—even as the villain. One thing nobody wants these days is a *new* middleman. Weeds grow only in neglected gardens, however. If irresponsible financial companies actually average a premium of 24 per cent for installment accommodation—as I have seen seriously claimed in print—what a magnificent opportunity for billions of call money loafing around Wall Street at 4 per cent to hire out at 10 or 12 per cent on a really patriotic job.

My friend Waldo tells me that Wanamaker's Budget charge for \$1,000 for ten months is \$13.50—less than 4 per cent a year. But even a rate this low leaves an ample market for any who can reverse it into a cash discount, and show the whole 8 per cent saving in his cash prices. Or, failing to meet easy payment competition that way,

MEMBERSHIP OF LOCAL ASSOCIATIONS

		May 31, 1925	New	Canc.	June 30, 1926	Gain	Loss
Alabama	*Bessemer	0	24	0	24	24	0
	Birmingham	99	20	16	103	4	0
	*Mobile	4	19	1	22	18	0
	Montgomery	30	2	8	24	0	6
Arizona	Phoenix	15	1	8	8	0	7
Arkansas	El Dorado	19	5	3	21	2	0
	*Fort Smith	8	3	1	10	2	0
	Little Rock	58	2	5	55	0	3
	Pine Bluff	12	11	12	11	0	1
California	*Bakersfield	1	10	0	11	10	0
	*El Centro	2	87	0	89	87	0
	*Eureka	2	27	0	29	27	0
	*Ferndale	3	24	0	27	24	0
	Inglewood	32	44	16	60	28	0
	Los Angeles	276	29	45	260	0	16
	Oakland	13	31	0	44	31	0
	*Pasadena	4	7	0	11	7	0
	*Redondo Beach	0	20	0	20	20	0
	Riverside	16	0	13	3	0	13
	San Francisco	125	14	15	124	0	1
Canada	San Bernardino	13	0	6	7	0	6
	Windsor	12	7	1	18	6	0
Colorado	Denver	144	34	14	164	20	0
	Greeley	17	0	0	17	0	0
	Pueblo	37	5	3	39	2	0
Connecticut	Hartford	95	37	23	109	14	0
	*New Britain	1	32	0	33	32	0
	New Haven	35	11	7	39	4	0
Delaware	Wilmington	76	10	8	78	2	0
District of Columbia	Washington	264	99	33	330	66	0
Florida	Eustis	35	0	35	0	0	35
	Jacksonville	11	0	2	9	0	2
	Lakeland	16	0	15	1	0	15
	Orlando	28	2	25	5	0	23
	Sanford	31	0	27	4	0	27
	*Sarasota	1	40	0	41	40	0
	Tampa	15	31	1	45	30	0
Georgia	Atlanta	77	20	6	91	14	0
	Columbus	32	14	8	38	6	0
	Macon	9	0	2	7	0	2
Idaho	*Coeur d'Alene	4	6	0	10	6	0
	Boise	6	10	0	16	10	0
Illinois	Chicago	62	14	7	69	7	0
	Decatur	18	2	3	17	0	1
	E. St. Louis	10	0	1	9	0	1
	Gillespie	8	0	6	2	0	6
	*Joliet	1	12	0	13	12	0
	Peoria	14	5	3	16	2	0
	Rock Island	10	1	0	11	1	0
	Springfield	23	22	2	43	20	0
Indiana	Evansville	16	1	6	11	0	5
	Fort Wayne	18	1	2	17	0	1
	Indianapolis	31	0	29	2	2	29
	South Bend	106	11	33	84	0	22
	Kokomo	11	1	9	3	0	8
Iowa	Cedar Rapids	31	0	3	28	0	3
	Council Bluffs	28	1	15	14	0	14
	Davenport	79	4	5	78	0	1
	Des Moines	105	222	45	282	177	0
	Mason City	11	0	5	6	0	5
	Sioux City	45	321	25	341	296	0
Kansas	Topeka	13	0	0	13	0	0
	Wichita	30	11	0	41	11	0
Kentucky	Lexington	12	3	1	14	2	0
	Louisville	69	28	3	94	25	0
Louisiana	Alexandria	13	0	9	4	0	9
	Baton Rouge	40	20	4	56	16	0
	Lake Charles	15	1	0	16	1	0
	Mansfield	26	0	0	26	0	0
	*Opelousas	0	22	0	22	22	0
	New Orleans	93	175	63	205	112	0
	Shreveport	31	0	0	31	0	0
Maine	*Portland	8	13	0	21	13	0
Maryland	Baltimore	221	37	14	244	23	0
	Cumberland	41	14	1	54	13	0

what a magnificent opportunity for local merchants to combine with their local bankers at fair prices and fair profits, in a joint operation to accommodate old customers in the new method of buying.

If active bankers shrink from going openly, for their own profits, into this new field of public service, why doesn't some philanthropist—Rockefeller or the Carnegie estate—develop a giant Morris Plan to protect our present prosperity? When there is obviously so much honest money to be made in these good times by financing installment buying, why talk ourselves into hard times merely to demonstrate the folly of overselling and loose credits?

Lee Maxwell wrote some months ago (Quoted in *Installment Buying*, published by the Farmers' Loan and Trust Company):

From the banking standpoint, the growth of installment buying is bringing this to pass—instead of stopping with the financing of production, it will compel you to go further and finance consumption. Certainly this will have some dangers; but they will, in time, be detected and overcome.

The banks may not be ready to admit that they are financing consumption. But somebody is! And since the American Bankers' Association now has all the facts, couldn't it gracefully, appropriately, and powerfully move immediately to "detect and overcome" either the dangers of installment selling; or the equal dangers of sensational agitation against it?

Tell the Rest of Us!

Have you developed new short-cuts in collection work? Or improved forms? Or successful collection or business-getting letters?

Then tell the rest of us about them, through the columns of your magazine. The Credit World is the only magazine in the world devoted exclusively to retail credits. We try to make it interesting to our members—not only interesting but instructive—full of helpful, "how-to-do-it" articles.

Contributed articles from members, on any subject pertaining to retail credits, collections, or local association work, are always welcome. No one man has a corner on all existing credit information. We can all learn something from the other fellow.

So, let's make this an experience-swapping publication, passing on our own experiences for the benefit of others, and at the same time profiting by the experiences of other members as recorded in these pages.—D. J. W.

		May 31, 1925	New	Canc.	June 30, 1926	Gain	Loss
Massachusetts	Boston	168	11	19	160	0	8
	Springfield	110	42	23	129	9	0
	Worcester	28	0	3	25	0	3
Michigan	Ann Arbor	10	2	0	12	2	0
	Battle Creek	18	8	1	25	7	0
	Detroit	216	15	33	198	18	0
	Flint	15	0	0	15	0	0
	Grand Rapids	32	15	0	47	15	0
	Lansing	287	0	101	186	0	101
	Pontiac	18	6	6	18	0	0
	Royal Oak	20	0	0	20	0	0
Minnesota	Traverse City	12	0	1	11	0	1
	Duluth	72	4	2	74	2	0
	Minneapolis	290	54	56	288	0	2
Missouri	St. Paul	105	46	17	134	29	0
	Kansas City	330	163	110	383	53	0
	St. Joseph	71	1	8	64	0	7
	St. Louis	784	202	178	808	24	0
Montana	Springfield	47	5	10	42	0	5
	Great Falls	25	4	13	16	0	9
	*Missoula	5	53	0	58	53	0
Nebraska	Lincoln	108	4	22	90	0	18
	Omaha	101	7	37	71	0	30
New Jersey	Newark	98	17	17	98	0	0
New York	Auburn	38	4	3	39	1	0
	New York	444	66	97	413	0	31
	Rochester	65	40	1	104	39	0
	Schenectady	28	4	2	30	2	0
	Syracuse	14	9	0	23	9	0
	Utica	65	25	1	89	24	0
North Carolina	*Charlotte	7	6	3	10	3	0
	*Greensboro	14	2	1	15	1	0
Ohio	Akron	102	8	17	93	0	9
	Chillicothe	12	0	8	4	0	8
	Cincinnati	36	1	9	28	0	8
	Cleveland	543	248	114	677	134	0
	Columbus	36	5	13	28	0	8
	Dayton	14	17	6	25	11	0
	Toledo	64	14	8	70	6	0
	Youngstown	53	1	0	54	1	0
Oklahoma	*Ada	1	11	0	12	11	0
	Bartlesville	14	0	6	8	0	6
	*Clinton	0	11	0	11	11	0
	*Cushing	1	12	0	13	12	0
	Enid	13	0	11	2	0	13
	Muskogee	19	3	1	21	2	0
	Oklahoma City	65	3	11	57	0	8
	Oklmulgee	12	1	0	13	1	0
	Ponca City	32	15	5	42	10	0
Oregon	Tulsa	89	9	6	92	3	0
	Portland	60	117	14	163	103	0
Pennsylvania	Butler	10	0	3	7	0	3
	Carnegie	13	0	6	7	0	6
	Harrisburg	20	15	1	34	14	0
	Lancaster	34	15	0	49	15	0
	Philadelphia	46	1	9	38	0	8
	Pittsburgh	305	23	90	238	0	17
	*Scranton	12	9	0	21	9	0
	York	26	19	2	43	17	0
Rhode Island	Providence	62	6	3	65	3	0
South Dakota	Sioux Falls	16	0	4	12	0	4
Tennessee	Chattanooga	110	41	16	135	25	0
	Knoxville	203	15	36	182	0	21
	Memphis	389	76	69	396	7	0
	Nashville	78	8	26	60	0	16
Texas	Austin	25	0	0	25	0	0
	Beaumont	15	1	5	11	0	4
	Dallas	141	29	34	136	0	5
	El Paso	41	0	14	27	0	4
	Fort Worth	66	4	14	56	0	10
	Galveston	43	0	21	22	0	21
	Houston	244	59	64	239	0	5
	Port Arthur	72	3	18	57	0	15
	San Antonio	88	30	19	99	11	0
	Waco	22	0	1	21	0	1

		May 31,			June 30,		
		1925	New	Canc.	1926	Gain	Loss
Utah	Ogden	19	0	7	12	0	7
	Salt Lake City.....	13	12	0	25	12	0
Virginia	Alexandria	15	0	12	3	0	12
	Lynchburg	20	15	4	31	11	0
	Norfolk	19	4	6	17	0	2
	Richmond	27	1	3	25	0	2
Washington	Everett	10	13	1	22	12	0
	Olympia	11	6	10	7	0	4
	*Longview	0	10	0	10	10	0
	Seattle	98	13	24	87	0	11
	Spokane	113	56	15	154	41	0
	Tacoma	46	8	6	48	2	0
	*Wenatchee	8	23	0	31	23	0
West Virginia.....	Huntington	25	8	3	30	5	0
	Wheeling	10	1	3	8	0	2
Wisconsin	Milwaukee	216	6	53	169	0	47
		10,458	3,583	2,331	11,711		

Net Gain in Local Associations 1,252

*Indicates new locals organized since June 1, 1925.

Local Association cancellations.....	2,331
Individual cancellations.....	162
Total cancellations.....	2,493

An analysis of our membership shows conclusively that the future of our organization rests upon the formation of local associations upon a sound basis and with the backing of the retail merchants of the community, as well as the credit managers.

The enrolling of individual membership is well enough as creating a base upon which to work, but our real development must come from well organized units, working as local branches of the National Association. The very foundation of our existence is co-operation among credit grantors and it is reasonable to believe a unity of thought and purpose cannot be obtained without proper organization in each city. Ever since our organization, we have worked toward this goal and I believe this year has shown greater progress toward that end than ever before.

Our problem now is a thorough understanding among our membership—a solidification and standardization of local association activities—a concrete aim and definite purpose for all units. Several years of educational work along these lines have created an understanding which at this time is about to crystallize into a wonderful force for future development. We must not miss this opportunity and should devote a large part of our thought and work during the coming year to local association development.

THE LEOP. L. MEYER TROPHY

The Silver Trophy, offered by Vice President Leop. L. Meyer to the local association making the greatest percentage of gain in membership, is awarded to the Retail Credit Men's Association of Sioux City, Iowa, which shows a membership increase of 657.7%.

FINANCES

The following statement of cash receipts and disbursements and balance sheet taken from the report of our auditors, Touche, Niven and Company, certified public accountants, give a complete record of our financial affairs. The financial report of the Service Division is not included and appears in a separate report.

Our finances are in excellent condition. We have added \$2200.00 to our surplus, making a total of \$11,200.00 (invested in U. S. Liberty Bonds) to be used for redemption of Certificates of Indebtedness on April 1, 1927, when they become due. After setting aside this amount and deducting all expenses we still have a cash balance of \$9320.37, a slight increase over last year.

Our accounts receivable appear as a large item, due to closing our books on June 30th instead of July 31st. Collections for July reduce this sum by \$7000.00.

During the year we redeemed Certificates of Indebtedness, to the amount of \$300.00, reducing the amount outstanding to \$13,020.00.

We show an excess of assets over liabilities of \$29,983.19 as compared with \$25,102.83 last year.

We have endeavored to hold ourselves within the budget as prepared by the Finance Committee and succeeded in doing so as far as the total appropriation is concerned, but on some items we ran in excess of the appropriation and in others we did not need the full allowance. A separate report will be rendered by the Finance Committee, covering these features.

Although we have taken on added activities, the actual expense of operation of the National Office has shown very little increase in overhead.

Service Division Report

By J. R. Truesdale

Divisional Secretary-Treasurer

I herewith submit a report of the activities of the Service Department for the thirteen months beginning June 1, 1925, and ending June 30, 1926.

The consolidation of the Service Division was consummated August 1, 1924. The consolidation therefore has now been in effect twenty-three months. The advance made in this twenty-three months exceeds that made in the previous eighteen years of the Bureau's National Organization! Surely this bespeaks the wisdom of the consolidation.

Membership

In the last twenty-three months the Division has increased its membership from 267 to 709, a gain of 442, or 166%. In the last thirteen months the membership has increased from 471 to 709, a gain of 238, or 51%.

The leading states in the Division as of June 1, 1926 are:

1. Oklahoma	52	7. Washington .	28
2. California ...	48	8. Florida	25
3. Ohio	46	9. Kansas	25
4. Texas	44	10. Indiana	24
5. Michigan	41	11. Colorado	22
6. Illinois	34	12. Iowa	22

Educational

Through Conferences, both State and Regional, through personal correspondence, and through the various publications, a constant campaign has been waged to raise reporting standards. There are still many Service Division members who do not realize just what the standard report must contain. The members are always taught to report facts and not offer opinions.

Publications

That the bureau may better serve the credit grantor, the Service publications, devoted principally to Bureau problems, have been increased in quantity and quality.

THE SERVICE QUARTERLY.—As the name indicates, this magazine is devoted to service. The best and latest developments in bureau work are here assembled and distributed to all allied bureaus.

SEMI-MONTHLY BULLETIN.—Sixty per cent of this Bulletin is devoted to educational matter beneficial to the member and to the National Association. Forty per cent is given over to derogatory information. This feature in the last year has been responsible for apprehending several notorious crooks and also in breaking up not a few well planned crook campaigns.

SERVICE ROSTER.—When a grantor asks his bureau for a "foreign" report, he wants a report and not an excuse. Our remarkable growth during the last twenty-three months trebles the number of Service Stations. With this Roster listing 709 stations, the member bureau can and does render national, and even international service.

In a recent Detroit Bulletin, Frank Parker points out to his membership that "Membership in your local makes you, practically speaking, a member in each and every one of the seven hundred affiliated bureaus." The Roster is issued quarterly and is kept revised to date through the columns of the Semi-Monthly Bulletin.

RED ROSTER.—Thousands of merchants and many bureaus have unwittingly been rendering a free reporting service to mail

Retail Credit Men's National Association Statement of Cash Receipts and Disbursements for the 13 months ended June 30, 1926

RECEIPTS OF INCOME

Membership Dues:	
Associations	\$52,676.95
Individuals	9,824.12
Advertising (Credit World).....	4,211.37
Sale of Sundry Supplies, etc:	
Collection Books and Letters.....	5,947.10
Collection Stickers.....	1,213.40
Credit World Binders.....	147.20
Coin Envelopes.....	55.63
Rosters	176.75
Supplies and Miscellaneous.....	1,072.82
Department Store Group Conference.....	213.30
Interest on Liberty Bonds.....	471.75
Interest on Bank Balances.....	68.50
Total receipts of income	\$76,078.89

DISBURSEMENTS OF EXPENSE

Printing Credit World and Supplement.....	\$17,214.06
Printing, Other.....	1,679.24
Salaries—Secretary's Office.....	16,924.46
Traveling Expense—Field Secretaries.....	1,140.89
Salaries of Field Secretaries	1,749.74
Traveling Expense—Executive and Others.....	3,161.84
Salary, Traveling and Office Expense of Pres.....	5,323.12
Rent	2,790.00
Convention Expense.....	1,053.62
Postage—Office	1,822.05
Postage—Credit World.....	949.90
Executive and Finance Committee Expense.....	1,085.94
Interest on Certificates of Indebtedness.....	777.00
Insurance and Surety Bonds.....	118.90
Telephone and Telegraph.....	722.03
Legal	400.00
Auditing	350.00
Department Store Group Conferences.....	254.42
Stationery and Office Supplies.....	914.28
Credit Service Exchange Division.....	5,416.58
Collection Books and Letters.....	4,823.28
Coin Envelopes.....	113.10
Stickers	852.00
Rosters	1.00
Supplies for Resale.....	207.50
Membership Campaign Expense.....	624.24
Commissions and Discounts.....	385.68
Miscellaneous Expense.....	1,180.06
Pay Promptly Campaign.....	306.35
Total Disbursements of Expense.....	\$72,341.08

Excess Receipts of Income over Disbursements of Expense.....	\$ 3,737.81
Other Disbursements:	
Purchase of Liberty Bonds (par value \$2200.00).....	\$ 2,269.80
Redemption of Cert. of Indebtedness (par value \$270.00).....	270.00
Accounts Receivable, Miscellaneous.....	700.00
Furniture and Fixtures.....	388.05

Total Other Disbursements.....	\$ 3,527.85
Excess of Receipts over Disbursements.....	\$ 109.96
Cash in Bank and on Hand—June 1, 1925.....	\$ 9,210.41
Cash in Bank and on Hand—June 30, 1926.....	\$ 9,320.37

order houses and others masquerading under misleading "Credit Bureau" names. One of our best services rendered is the issuance of our "Red Roster" listing over five hundred "Agencies not recommended."

Collections

With the spread of the deferred payment plan, the matter of collections becomes more and more important. Some five hundred of our Service Division members maintain collection departments. Bureaus so equipped render "National" collection service. Collections can now be forwarded with entire safety.

Field Work

The Service Secretary traveled nineteen thousand miles attending District and Regional Conferences, besides addressing many local associations. It is fair to assume that part of the Division's growth was due to this missionary work.

Conferences

During the past thirteen months the Service Secretary has been privileged to spread the gospel of better bureau service at the following Conferences:

Ohio at Lima.
Indiana at Hammond.
Illinois at Champaign.
Michigan at Muskegon.
Arkansas at Little Rock.
Indiana at Muncie.
Mid-West at Omaha.
Kansas at Hutchinson.
Florida at Orlando.
Louisiana-Mississippi at Baton Rouge, La.
Tri-State at Detroit, Mich.
West Virginia at Clarksburg.
North-West at Spokane, Wash.

These conferences are accomplishing a wonderful work. They are to be encouraged in every possible way.

Warning Notices:

For a period, it seemed as if the space used in the Semi-Monthly Bulletins for warning notices did not justify the expense. Several big captures recently justify this work. Through this medium was broadcasted the modus operandi of Mary Clark and the "Pullman Check Workers." South Bend apprehended Mary Clark and Harrisburg put her away for four years. Peoria caught one of the Pullman operatives and through life close cooperation of the Peoria Bureau, the police, and the Burns Detective Agency, the entire gang was jailed. In other cases such as that of Ruby Krans, prosecution has been materially aided.

Tracing Department

Now manned by a full time operator, the Department is making over two hundred "locates" a month. The department is now self-sustaining.

Collection Department

This could perhaps be more accurately named the "Forwarding Department." It is in charge of a full time operator and all claims originating from the use of the "Four-Point Collection Service" are promptly forwarded and diligently followed up. Over \$4,000 has been salvaged by this service and this amount does not include claims paid directly to the creditor.

Members' Inquiry Ticket

This ticket, long used by the Service membership to obtain foreign reports, grows steadily in popularity. Sales now average ten thousand a month.

Clearance Ticket

This ticket, authorized at the last Convention does not yet attract the patronage it deserves. A more general use of this

BALANCE SHEET, JUNE 30, 1926

ASSETS	
Cash	\$ 9,320.37
U. S. Liberty Loan Bonds, Par Value.....	11,200.00
Deposit, U. S. Post Office.....	22.22
Accounts Receivable	18,978.28
Inventory of Supplies for Resale.....	1,391.08
Office Furniture and Fixtures, Less Reserve for Depreciation.....	3,038.23
Total Assets	\$43,950.18
LIABILITIES	
Accounts Payable.....	\$ 1,034.58
Certificates of Indebtedness.....	13,020.00
Excess of Assets over Liabilities not Including Provision for Unearned Membership Dues	29,895.60
Total Liabilities and Surplus Exclusive of Unearned Membership Dues	\$43,950.18

We show a small profit on the sale of collection books, inserts, stickers, etc. This shows the possibilities of the department. Only about one-tenth of our members have availed themselves of this service and I recommend increased activities along this line next year as a means for providing working funds for the Association and at the same time rendering a needed service to our membership.

It must be remembered that this Association is not organized for profit. All our available funds with the exception of a reasonable amount to safeguard the future should be expended in rendering service to our membership. Your Finance Committee and your officers have faithfully carried out this idea during the past years.

SUMMING UP

From an organization of thirty-eight members in 1912, we have grown year by year until today we number 13,715 of the most progressive retailers of the land.

From an unknown and obscure group, we have become one of the nation's most important business organizations, maintaining, at Saint Louis, a National Office with an organization sufficient to keep in touch with credit development in all sections of the country.

From uncertain and somewhat visionary policies, we have created a concrete and well-defined plan for safeguarding the extension of credit and making it a profitable business for the retailer, the most important step under this plan being the creation of a Service Division made up of over 700 of the nation's most reputable reporting agencies.

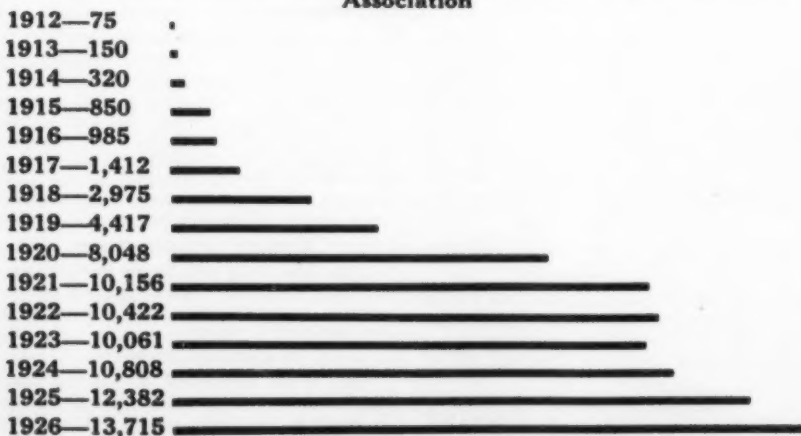
From a pamphlet of occasional issue, we have built a credit magazine of national circulation, "The Credit World," filled with educational articles worth many times our membership fee.

Each year has seen the development of a higher standard of credit ethics among retailers, as a result of the educational and publicity activities of our Association.

From a privilege granted to a few, we have seen credit granting as a convenience for the customer and a selling force for the retailer, grow, until today it is the most important feature of any retail business.

Our work has not been in vain and we can face the future with the realization that our activities of the past will eventually attract to our ranks all retailers who do a credit business. With this prospect of continued growth, we can face the new year confident of continued success.

Graphic Chart Showing Growth of Retail Credit Men's National Association



ticket would go far towards eliminating the direct inquiry and centralizing all credit information. The direct inquiry is becoming such a burdensome task to the average credit office that it is passing strange that the merchant still tolerates a practice which is now supplanted by a more efficient and a more economical system.

Textbook on Bureau Management

Not a day passes by that the National Office does not receive a letter requesting complete information on how to start a credit bureau or how to operate a bureau. Also many inquiries are received asking enlightenment on some feature of bureau management, such as "selling the Service," or "budgeting the finances." Such inquiries cannot be adequately answered in the short space of a letter.

To fill a long felt want, the Executive and Finance Committees, meeting in Detroit last February, requested the Service Secretary to prepare such a text. Since then every available minute has been utilized in this task. Every effort is being made to finish it by Convention time. Tentative arrangements have been made with the Prentice-Hall Company of New York to publish and distribute the book. It is the ambition of the National Office to furnish every Service member with a copy, also to have extra copies available, subject to call from cities organizing.

Going After Big Business

The National Office is earnestly endeavoring to secure the bulk of the Finance Reporting business for its membership. The Service Board of Control, including Managing Director Woodlock and Vice President Heller (who held the proxy of President Watson) spent three days in April seeking ways and means to put through an ambitious program, proposed by Miss J. Van Wert. The one stumbling block so far unsolved, lies in the matter of price.

Finances

The financial statement of the Service Division covers a period of thirteen months. In a statement recently completed for the twelve month period it was found that it cost \$26.22 to serve each Service member. Despite this the Service Division shows a financial gain. A little study easily discloses that this is a false prosperity due entirely to rapid growth.

A concrete example will establish the point. During the month of May the Division gained thirty-seven new members. Dues are paid in advance. On the one side is to be found as an asset the dues amounting to \$287.00. On the other side, as a liability, note service to be rendered for one year, namely, thirty-seven members at \$26.22, or \$970.14. The Division expects to continue to grow, but it cannot reasonably hope to make the gains it has enjoyed the last twenty-three months. If the same cost ratio is maintained, it will cost \$3,120.92 more than it did last year to furnish the same grade of service to the present number of members.

To balance the budget, provide textbooks, and to maintain a Bureau Field Secretary, would require in the neighborhood of an additional ten thousand dollars. Of this amount, the Division can probably raise five thousand dollars by an increase in Service dues. The Department cannot further increase its service until it has additional finances.

Financial Report of Divisional Secretary-Treasurer**FOR 13 MONTHS ENDING JUNE 30, 1926**

Balance June 1, 1925 \$ 1,737.15

Receipts:

Division Dues	\$6,555.00
Assn. Dues % Division	\$1,045.00
Spread on Tickets	\$6,447.15
Association Aid	\$5,416.58
Tracing Dept.	\$2,815.20
Collection Dept.	\$4,491.29
Overpayments	\$ 299.67
Interest	\$ 32.38
Semi-Monthly Bulletins	\$ 80.56
Red Roster	\$ 36.90
Refunds	\$ 27.30

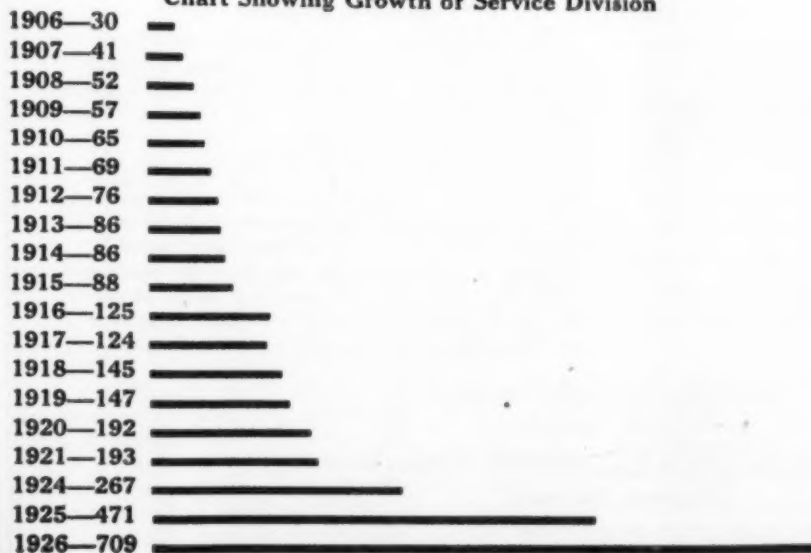
\$27,247.03

\$28,984.18**Disbursements of Expense:**

Printing—Quarterlies	\$1,175.75
Printing—Semi-Monthly Bulletins	1,123.88
Printing—Rosters	492.75
Printing—Stationery	184.20
Salaries—Executive	8,212.67
Traveling Expense—Secretary	1,452.16
Traveling Expense—Others	266.85
General Postage	579.90
Tracing Department Salaries	887.50
Tracing Department—Other Expense	1,247.91
Collection Department—Paid Clients	3,309.70
Collection Department Expense	1,398.42
Association Dues % Division	1,045.00
Overpayments	299.67
Exchange	35.30
1925 Convention	262.82
Ticket Expense	1,034.35
Telegrams	245.22
Office Supplies	298.29
Miscellaneous	54.20
Audit and Bond	137.50
1926 Membership Campaign	129.80
Board of Control Meeting	697.46
Refund	15.00

\$24,586.30

Balance June 30, 1926 \$ 4,397.88

Chart Showing Growth of Service Division

Use These Electros

On your letterheads, bills and statements. Cuts below are actual size.



50c



50c



75c

Put the power and prestige of this Association behind your collection work.

Order from

National Office
Equitable Building
Saint Louis

Pittsburg Stores' Protective Group Notes Good Results

*Report for First Year Shows Nearly
1,100 Cases Handled and \$42,000
in Money and Merchandise
Recovered*

Pittsburgh, Aug. 5.—Excellent results have been obtained by the organization of the Stores Mutual Protective Association for the first year of its endeavors, according to Secretary W. M. Jacoby, of the Retail Merchants' Association, which manages the organization, and Louis H. Neff, manager of the direct work in running down shoplifters and store thieves of every character.

The report indicates that merchandise and money totaling \$42,000 was recovered. The protective association handled nearly 1,100 cases of all kinds, 75 per cent of which were turned away without arrests and the other 25 per cent prosecuted. In this connection Mr. Neff says that not one-tenth of one per cent of those who make their first attempt at stealing try it again.

A total of 801 shoplifters were taken

in since this organization started to function. Of this number 598 were signed out and 203 were arrested. A total of \$17,439.02 was recovered in merchandise and money from these subjects, according to the report.

A total of 69 impostor charge accounts were taken in. Of this number 33 were dismissed and 36 were arrested. A total of \$12,560.45 was recovered in merchandise and money and returned to the stores.

A total of 113 dishonest employees were taken in. Of this number 104 were dismissed and nine were arrested. A total of \$11,274.81 was recovered in merchandise and money and returned to the stores.—*Women's Wear.*

Hints for Merchants on Protection Against Check Passers

- Do not depend on the appearance of a check.
- Look up the issuing firm in Dun and Bradstreet.
- Do not cash checks written in pencil.
- See that all spaces are filled in.
- Never cash a stranger's check without indorsement which you have positively verified.

- Do not cash checks on which erasures have been made.
- Never sign blank checks.
- Leave no canceled vouchers where they may be easily taken.
- Keep your check books locked up.
- Be careful where you exhibit your banking signature.
- Watch checks which apparently bear the makers O. K. or other form of approval.
- Beware of the magic word "certified."
- Write "for deposit only" on checks which you intend to deposit.
- Do not depend on apparent protection by mechanical check protectors.
- Never take a chance on a hard luck story unless your motives are charitable.
- Remember that many a bad check is drawn on expensive paper.
- Do not allow checks for small amounts and odd cents to disarm suspicion.
- Look at the name of the issuing company twice. It may be simply like one you know about.

—*Personal Efficiency.*

Modern Business English

By A. C. Babenroth, Ph.D.

Assistant Professor of English, Columbia University and Authority on Commercial Correspondence

"Modern Business English" is based on the actual letters of many of the most progressive houses in America. It covers practically every situation and problem which can be analyzed and solved by writing.

In interesting style, the book takes up each step used in properly handling inquiries, orders adjustments, complaints, applications, reports, collections and sales.

Collection Letters

Just as a good sales letter sells goods, so does a good collection letter collect money. Here, in full detail, are presented reasons why one should avoid "bunk" and be specific and sincere but cheerful. The many appeals include those of self-interest, pride, and firmness, and are lucidly displayed. As a specific feature, the discussion of collection letters to women is taken up.

Adjustments and Complaints

The reason why many firms actually solicit complaints and the manner in which complaints are used to build good-will and to reopen accounts are covered. One of many features of immediate value to any business is—"The buyer to blame, claim granted" and "The buyer to blame, claim refused."

Business Reports

The important points to be considered in writing a report based upon an examination of involved statistical data or of periodic progress are made clear.

Sales Letters

Under this topic, the book takes up in logical order each step necessary to build a letter which will accomplish its primary purpose—to make sales. It shows when to use a buoyant, jaunty, juvenile, conservative, or simple tone and gives the reasons. Follow-up, wear-out, and campaign series of letters are included, together with valuable comments on timing the series. Mailing lists are discussed.

466 Pages 6x9 inches—\$4.00

—Order Your Copy From

Retail Credit Men's National Association
St. Louis, Missouri

How the San Francisco Bureau Gets Interest Into Its Monthly Meetings

The Associated Retail Men of San Francisco are using a plan to keep up interest in monthly meetings, which is worthy of the attention of other local associations.

Briefly, the plan is to have prepared debates on subjects of especial interest to credit men. We are reprinting here (from "Credit Echoes," the bulletin of the San Francisco local) the report of one of these meetings, together with some of the discussions:

Last Month

Last month's meeting developed more professional interest and discussion than any session we have had for a long time. It centered around a prepared debate and subsequent discussion from the floor of four questions concerned in everyday credit practice:

First—Should Rush Charge Accounts be Eliminated?

Second—Should the Cashing of Accommodation Checks be Eliminated?

Third—Should the Credit Department do Sales Promotion Work?

Fourth—Should the Credit and Collection Departments be Separate?

Prepared papers were the order of the day. Eight such carefully prepared discussions were presented. The effect on the hearers of the thought and research that were so evidently required was apparent from the first. Extemporaneous speaking is more effective than the reading of a prepared paper if the subject matter is equal but in most of our sessions the average extemporaneous address would show up in print as mere dribble.

Elsewhere in this month's Credit Echoes are extracts from the best of the prepared addresses. Some of the subject matter should provoke enough objection and constructive criticism to enliven later meetings.

Some of the discussions follow:

Should the Cashing of Bank Checks for Accommodation Be Eliminated?

"NO"—By M. HART DASTEEL

Place yourself in the position of a stranger in town on a Saturday afternoon after banking hours, a sound check in his pocket, and the necessity of immediate conversion into funds for pressing requirements. A haven of succor is found by recourse to some obliging, accommodating merchant who does not regard his fellow creature as a miscreant until proved to be the contrary.

Like everything else, the elements of use and abuse are involved, but not to any greater extent than the opening of any charge account, which carries with it an almost equal hazard. Due discretion in any case, and under any circumstances, is indispensable.

I have been told by several that they have received, in large towns in this state where they were unknown, such an accommodation. One person of my acquaintance, remarked to the attendant in a large country store, "This is very kind of you—especially as you do not know me," and elicited the reply with a pleasant smile, "We have seen sufficient of you to know you," or words to that effect; thus creating a bond of friendship—which is a desirable asset for any business.

Our own experience has proven that apart from the moral satisfaction derived from extending such confidence to a mere applicant, there often accrues a material benefit, for the recipient as a rule does not abuse the service, but often requites it in a substantial way.

A dual purpose is thus subverted; but as the essence of my contention is to disregard the material end of it, I merely emphasize that the accommodation of cashing checks is one that should appeal to the sense of any firm that may desire to popularize itself as an instrument of service, good will, and usefulness in any community.

"YES"—By FRANK BATTY

This branch of service has been perfected as the result of well organized credit departments, and with an indexed file of customers' names and signatures immediately available, unnecessary delay is eliminated, and there is little attendant risk in accepting a check in payment of merchandise, and even giving the balance in cash to an identified patron, if so requested.

But in these modern days, service so called, has run riot. Competition no longer centers in merchandise, but the ever increasing demand for volume and more volume has made liberty a license, and opened the door to the abuse of privileges.

We provide for the fair sex gold tipped cigarettes, with the firm's name on them, embossed stationery, etc., etc., and continue to wonder at the high cost of living. But that is another subject.

Verily, indeed, the merchants of the United States are literal benefactors, and are daily accommodating impostors

and crooks to an extent which is almost incredible.

To quote from the California Bankers' Association Bulletin:

"While no figures have ever been gathered to show the loss occasioned by cashing checks for strangers, it is safe to say that the percentage is closer to 99, than any other figure. Surety Companies and other organizations place the loss through check swindles at astounding figures, as high as \$100,000,000 a year, the greater part of which loss falls upon merchants, and is without doubt occasioned by cashing checks for unidentified strangers."

There cannot be a stronger argument against the indiscriminate cashing of bank checks by merchants than is contained in the warning of the protective departments of every bankers' association—DO NOT ADVANCE FUNDS ON UNCOLLECTED ITEMS. If a bank does not feel that it is safe in advancing funds on a check drawn on another bank until it has been advised that the check has been honored by the bank on which it is drawn, why should the merchant who is in a weaker position than a bank to judge of the worth of a check, advance funds against it? And yet we do it, and do it every day. Rather than lose a sale we are willing to "take a chance" and if the check is not returned we congratulate ourselves that we are becoming proficient in the art of judging human nature.

The alibi for cashing worthless checks most often given is that the presenter appeared all right, he identified himself with letters and lodge cards, or the check looked genuine.

Here are a couple of typical instances, which actually happened, and which could doubtless be duplicated by everyone present if called upon.

Scene: A down town store—Time, 5:15 P. M. Enter: Miss Dorothy Pierce, about 18 years of age, well dressed, but not elaborately, pleasing manner, well spoken and conversational. She is a student at the University of California, and plays her part admirably.

Her Pa lives in Illinois; has just sent her a check for \$343.00, as a present, which she has deposited in the First Federal Trust Bank, and shows her pass book to prove it.

She purchases a scarf, \$10.00, presents check, \$15.00, and says, "Hurry, please, I must make my boat." In less time than it takes to tell it, she has the scarf, \$5.00 in cash, and the store has her worthless check.

True, she has opened an account with \$1.00 deposit, and cleverly raised the amount in her pass book.

Another—Saturday afternoon, tall, good-looking chap, wearing army overcoat, American Legion button, and a lodge pin. He is returning to his home in Santa Maria. Has been working in a lumber camp near Eureka, and wishes to buy a coat for his mother. Selects one—\$79.00. Hands check on Eureka bank, \$90.00, which is accepted, and change given. Paramour waiting in an automobile 'round the corner to receive the coat.

One week later—check returned, party unknown.

This is service indeed, with a kick in it.

The crooks recognize San Francisco as a prolific field, and the merchants they consider "good picking."

Yes, there are surety bonds for the protection of the merchants against such fraud; and there are the arguments that the percentage of loss is infinitesimal; that cashing such checks brings business to the store, and is also good advertising.

But the percentage of recovery on surety bonds is also infinitesimal and the value of advertising is problematical; the store that gets, amongst the undesirable element, the reputation of being "easy" in accepting worthless checks can better afford to do without that kind of advertising with its resultant embarrassment and losses.

While it is true that many genuine checks are presented by strangers outside of banking hours, when it is difficult to make a check-up and obtain sufficient information to warrant the cashing of the item in question, yet I firmly believe that the local retail merchants can determine a policy and should formulate an agreement by which it can be suggested to the presenter of a check, that the merchandise will be delivered immediately after the store has had opportunity to obtain the desired information regarding the check.

This is customary banking procedure, and if presented to the patron of the store in a businesslike manner would not create offense. But the reason of paramount importance is that we should co-operate with the local authorities one hundred per cent in our endeavors to rid the city of professional crooks and panderers.

The passing of fraudulent checks is one of the most difficult problems the Police Department has to cope with for the reason that when the checks are paid, the merchant is satisfied, and in many cases the Police Department is used as a collection agency.

If all persons were prosecuted and properly punished, regardless of whether or not the amount of the check was paid, the situation would be cured over-

night. This seems to be impossible to accomplish, however, because the moment the check is made good a dismissal of the prosecution is asked for.

Police department records show the following losses and recoveries due to bogus checks: (in S. F. alone.)

	Loss	Recovered
1917, ending June 30..	\$ 79,475.57	
1918, ending June 30..	62,702.75	23,698.24
1919, ending June 30..	61,677.90	25,030.56
1920, ending June 30..	123,422.69	52,487.73
1921, ending June 30..	137,966.67	32,908.52
1922, ending June 30..	201,042.84	61,754.48
1923, ending June 30..	55,410.02	68,302.00
1924, ending June 30..	57,081.86	32,285.72
7	\$778,780.30	\$296,467.25

The excess shown in the recoveries of 1923 are recoveries for 1922. For the year 1917 there is no record of recoveries that is available at the present. The above record is the loss in San Francisco alone.

Should the Rush Charge Account Be Eliminated?

"YES"—By VIVIAN GLASSON

The problem of extending credit at a moment's notice is increasing in alarming proportions. It is becoming quite an ordinary occurrence for the prospective customer to approach the Credit Office, favor them with her name and address and expect to take possession of anything in the store. At the mere suggestion that the merchandise be delivered at a later date, as a spar for time, she becomes indignant.

A careful survey of this class of business brings the information that a large percentage of these people are comparatively new in the field of credit; have had but little experience in the handling of accounts and are in need of being educated along the lines of the responsibility entailed. And yet we are willing to start them off wrong, with the probability of a bad finish, by allowing them to consider Credit lightly because of the easy manner in which it was secured.

Very often they are only transient customers observing some article on display which they believe they must have at once, and with no intention of trading permanently with your establishment. We are proud to say that one of the wonderful things about a Credit Office is its ability to radiate courtesy and consideration; but Credit is a courtesy in itself, and should the public not be taught that it is only extended after a sober consideration of the applicant's credentials?

The customers who call personally, carefully qualifying their right to credit by giving established references and a liberal opportunity for investigation are

the stabilized class of trade which we seek. They are usually educated in the seriousness of business conducted along these lines and will average a better sense of consideration in the settlement of their obligations. They have perhaps had the right start in seeking credit and every individual should have the same liberal education.

Our Credit Bureau handles with skill and dispatch the names which we submit for daily clearance. Why should this desirable class of business be side-tracked, and possibly delayed, while the girls make every effort to give this selfish rush customer the preference?

Have you ever glanced back over your slow or perhaps delinquent accounts and wondered *how they got that way?* Have you taken this occasion to be real honest with yourself and to recall the circumstances under which each of these accounts were opened? Haven't you usually discovered that most of them were accounts you had previously had trouble with and had only reopened after serious reconsideration; or accounts you had been practically forced to rush through at twenty minutes after five or on Saturday afternoons when you could not check their references for guidance, and had only the use of your personal impressions of the applicant? But appearances are often deceiving, as you have no doubt learned, and why be forced to this uncertain procedure when we have every facility at our disposal for a correct appraisal of our prospective customer if allowed the proper amount of time?

The time has come to call a halt, and the extension of credit under a period of twenty-four hours, except in very unusual cases, should be discontinued.

Credit is not a haphazard proposition. The natural ingenuity of the Credit Man (and I presume he possesses some, or he would not be in the business) will suffer a shadow over its reputation if it is not stabilized and balanced by sober thought and action. Our activities are growing so rapidly we have given but little thought to some means of regulating them. Without a very firm sort of foundation we are going to be hampered by a general misapprehension on the part of the public as to just how we operate and just why we are in existence. They must be taught to lay their cards on the table openly for our consideration.

If we will stick together on this proposition just as we have when changes have been made in the past, we cannot lose any business, and we will strengthen what we have, in a moral way, the results of which will be seen in our collection turn over.

ld

we
the
ng
ter
le-
ave
ing
ave

ith
we
uld
de-
the
elf-

ver
ac-
hat
to
re-
ach
ed?
hat
had
had
ra-
ac-
nty
er-
eir
nly
of
are
ubt
un-
ery
ect
if
?

nd
od
ery
d.
on.
dit
ne,
ss)
on
by
vi-
ave
ans
ery
ng
re-
to
we
ght
nly

op-
ges
not
en
re-
ol-